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No. 33,354 21/90 ** PARIS, WEDNESDAY, MAY 23, 1990 ESTABLISHED 1887

SERIALS DIVISION JORDAN



The Associated Press

Israeli troopers moving in on a lone protester Tuesday as others took flight during a demonstration in a Jerusalem suburb.

U.S. Secretly Repairs Defects In Nuclear Artillery in Europe

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The U.S. government has discovered — and secretly repaired — defective nuclear artillery shells that could have exploded accidentally while stored in Europe, and it has launched urgent studies of the designs of two other atomic warheads whose safety is suspect, according to senior U.S. officials and weapons scientists.

In the most serious incident, the government in 1988 discovered a defect in the W79 short-range artillery shell after it had been stockpiled in Europe for use in the event of war.

Urgent orders were issued not to move the warheads, and repair teams were sent to the nuclear depots in 1989 to disable several hundred shells so they could not be accidentally detonated by a bullet, lightning strike or other blunt impact at a particular spot on their metal skin, the officials and scientists said.

The artillery shells, which are deployed in West Germany, Italy and the Netherlands, as well as in the United States, are being modified so they will detonate only after being fired in battle, the officials said.

The Joint Chiefs of Staff, dealing with a separate incident, last year secretly imposed special restrictions on the handling and deployment of a missile carried by U.S. strategic aircraft to avoid accidental explosions due to fire that would disperse cancer-causing, radioactive plutonium at the heart of the accompanying warhead, these sources said.

The Department of Energy, in a third such incident, last week acceded to a secret congressional request for an independent scientific inquiry into the possibility that a nuclear warhead now being deployed aboard the Trident strategic submarine could be detonated in a missile-handling accident while in port, according to the sources.

The three decisions, which have not been publicly announced, are raising questions on Capitol Hill and within the Bush administration about nuclear-weapons safety. Some experts forecast that additional problems may be uncovered by special scientific inquiries ordered recently by Secretary of Energy James D. Watkins at nuclear-weapons laboratories.

Mr. Watkins, while declining to discuss specific weapons problems, said in an interview this week that "we're not all that comfortable" with the government's past approach to several safety issues, and that "we need to focus a lot more" on measures to diminish the risk of accidentally dispersing plutonium in warheads.

Mr. Watkins emphasized at the same time that when weapons-safety problems were uncovered, "We take the operational steps necessary to minimize those risks, take the weapons out of service if necessary and then look for some mid-term and long-term fixes. We're in that process right now."

He added in response to written questions from The Washington Post that the United States did not have many weapons "that fall into that category, but I can tell you that we're serious about those things and we do what's necessary to make sure that we don't have any situation" where safety specifications cannot be met.

Mr. Watkins has ordered what other officials say is the first comprehensive assessment of the probability of an accident involving any of the more than 20,000 nuclear warheads deployed with U.S. forces around the globe.

Officials say that Mr. Watkins' concern about the safety hazards of the Short-range Attack Missile-A, or SRAM-A, which is carried by strategic bombers, also provided the impetus for the establishment of a special committee on nuclear weapons safety last year that includes senior officials from the Energy and Defense Departments.

After a furious dispute with mid-level Defense Department officials, Mr. Watkins' agency won the right to chair the committee, which is investigating several pending safety issues and will provide its reports simultaneously to Mr. Watkins and Defense Secretary Dick Cheney.

The information about recent nuclear-weapons safety problems in this article is derived from interviews with more than two dozen U.S. military and civilian officials and nuclear-weapons scientists. None of them was willing to be quoted by name.

Officials say the most dangerous and politically sensitive incident was the discovery in early 1988 that W79 artillery shells deployed in West Germany, Italy, and the Netherlands could accidentally explode if struck forcefully at a sensitive spot, perhaps by a stray bullet or impact from a nearby explosion.

"Nobody was blasé about it, but nobody was panicky either," said a senior military official in describ-

See DEFECTS, Page 7

Arab Protests Spread in Israel and Jordan

By Jackson Diehl
Washington Post Service

GAZA CITY, Israeli-Occupied Gaza Strip — Israeli authorities said Tuesday that they were alarmed by the spread of protests from the occupied territories to Palestinians in Israel and Jordan as violent clashes continued for a third day.

Israeli Army units continued to battle stone-throwing youths for control of the streets of Gaza and nearby refugee districts, and protests erupted nationwide in Jordan.

Reports said thousands of Palestinians took to the streets in the Jordanian capital, Amman, the cities of Irbid and Zarqa, and the large Palestinian refugee district of Baqaa. Two people were reported killed and 23 wounded in clashes with police.

In the Gaza Strip, the army said that two Palestinians were killed by soldiers, that one was seriously wounded and that 14 were hospitalized.

The deaths brought to at least 13 the number of Palestinians killed in clashes in Gaza and the West Bank since Sunday morning, when the slaying of seven Arab workers by an Israeli in a Tel Aviv suburb touched off the worst rioting since the early months of the 30-month-old Arab uprising, or *intifada*.

Other disturbances were reported in East Jerusalem, where the police broke up a march by 200 protesters with tear gas, and in villages in the Ramallah area. But military officers said the West Bank remained mostly quiet as troops continued to enforce a curfew in its major town and in refugee districts.

Army commanders in Gaza maintained Tuesday that their forces were gradually gaining control over the unrest, which they see as a crucial test of Israel's ability to prevent an escalation of the revolt.

At the same time, military and political leaders said they were concerned about signs that the disturbances had served to encourage a development that Israel has long feared: the spread of the rebellion to the large Palestinian populations living adjacent to the West Bank and Gaza.

"So far we have been controlling any escalation of the intifada in the territories, but we are seeing a different kind of escalation in the spread to other areas that until now have kept quiet," an official said. "If it continues it will add a new dimension to the problem."

The rioting in Jordan followed widespread demonstrations Monday by Arabs living in the cities and villages inside Israel's internationally-recognized borders. Though those areas were reported quiet on Tuesday, Israeli analysts described the violence as the most serious instance to date of support inside Israel for the uprising.

"For the first time since 1967," the newspaper Davar said, "riots and strikes encompassed the entire Arab population living under Israeli control."

The newspaper Haaretz reported that Israeli Army troops had been put on alert for possible intervention against the 800,000 Arabs liv-

See ISRAEL, Page 2

U.S. Grows Wary Over Kremlin Stalling

Conventional Arms Delay Raises East Europe Doubt

By R.W. Apple Jr.
New York Times Service

WASHINGTON — President George Bush and some of his advisers are deeply concerned about Soviet reluctance to move toward a treaty reducing conventional forces in Europe, which they see as the key to making political change in Eastern Europe irreversible by getting the Soviet Army out.

Although overshadowed in recent days by progress on limiting strategic arms and chemical weapons, the talks on conventional forces that are under way in Vienna have stalled amid signs that Moscow may be rethinking the value of an agreement that would drastically curtail its military presence in Eastern Europe.

In public, Mr. Bush and his colleagues have put the best face on the outcome of talks in Moscow last week, arguing that Secretary of State James A. Baker 3d achieved enough to make probable a successful summit meeting next week.

But even in public, some irritation shows about the deadlock over conventional forces: the tanks, armies and nonnuclear air power that both sides have in Europe.

Brent Scowcroft, the president's national security adviser, said Saturday that U.S.-Soviet relations were back on track, but he also accused the Soviets of stonewalling on conventional arms.

And a senior counselor to the president said, "The deadlock on Europe is really very disturbing at this late date, not because it will disrupt the summit — it won't — but because it may mean that we won't get a conventional arms agreement by the end of this year after all."

If there is no agreement in the Vienna talks, which involve all the members of the North Atlantic Treaty Organization and the Warsaw Pact, an important meeting of the 35-nation Conference on Security and Cooperation in Europe, tentatively scheduled for December in Paris, would probably be postponed.

For months, the White House has argued that the conventional arms treaty is the centerpiece of plans for a new, safer Europe — an insurance policy, as one official put it, "against a change of attitude in the Soviet Union."

Another U.S. strategist said, "This treaty far exceeds any others in importance."

What the United States wants to do is get most or all of 585,000 remaining Soviet troops out of Eastern Europe and oblige the Soviets to destroy tens of thousands

See STALL, Page 2

Bush Suggestion for NATO: Combine the Military Forces

By Patrick E. Tyler
Washington Post Service

BRUSSELS — The Bush administration asked the 16-nation NATO alliance Tuesday to consider a new military structure that would break down traditional boundaries between national forces and combine them into multinational units as a means of easing political opposition to the presence of U.S. troops on the continent.

The proposal, presented by Defense Secretary Dick Cheney, could provide a significant vehicle for further reductions of U.S. forces in Europe, according to Western officials here, as well as lowering the profile both of U.S. forces and the combined armed forces of a reunited Germany.

Mr. Cheney, attending a two-day meeting of NATO defense ministers, said in closed session that he welcomed their "creative thinking" on the creation of multinational forces, which he said "needs emphasis" in the overall strategic review the alliance has undertaken in response to the collapse of the Warsaw Pact military threat.

Mr. Cheney said the U.S. preference for creating multinational forces would be to break down the single-nation NATO corps structure, where each corps contains several divisions of up to 15,000 men each under one flag.

The multinational proposal would combine divisions of various nationalities under realigned corps headquarters. His example was that of a corps composed of American, German and British divisions.

The idea of combining more European armed forces as a means to submerge nationalist tendencies and give NATO a more pan-European cast — at a time when the future of the Western military alliance is being debated — was greeted warmly here by defense ministers.

The idea was particularly well received by West Germany, whose government is seeking both to speed reunification with East Germany while allaying Soviet security concerns over how to limit the size and alignment of the German military.

As the defense ministers were meeting, it was announced that the Soviet foreign minister, Eduard A. Shevardnadze, would meet the German foreign minister, Hans-Dietrich Genscher, in Geneva to carry on what Western officials here said would be high-level discussions on future security arrangements in Central Europe after German reunification.

A U.S. official with Mr. Cheney said multinational units including

See NATO, Page 2

Kiosk

India Accused In Cleric Death

ISLAMABAD, Pakistan (NYT) — A senior official of Prime Minister Benazir Bhutto's government accused India on Tuesday of direct responsibility for the assassination in Indian-ruled Kashmir of the territory's most senior Muslim cleric, Mohammed Farooq.

Malik Ahmad Awan, information minister in the Bhutto government, traveled to the Pakistan-ruled part of Kashmir on Tuesday and, in a meeting attended by local politicians and young militants, accused India of involvement in the killing. According to reports of the meeting in Muzaffarabad, capital of Pakistan-ruled Kashmir, Mr. Awan called Mr. Farooq a "victim of Indian barbarism" and said that Pakistan could "not remain silent" in the face of such acts.

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Romania's election of Ion Iliescu contrasted with the rest of Eastern Europe. Page 6.

Business/Finance

Renault was ordered to pay back half of the government aid received in 1988. Page 11.

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Weather Page 2.

Dow Close: Up 7.55, 2,852.23

The Dollar In New York

DM	1.6725
Pound	1.693
Yen	151.20
FF	5.629

Bush Set to Renew China's Favored Trade Status

By Lena H. Sun and David Hoffman
Washington Post Service

WASHINGTON — Despite continuing U.S. unhappiness with China's human-rights record, President George Bush plans to notify Congress that he will renew most-favored-nation trade status for China, according to administration officials.

Although members of Congress and others have said that renewal of the trade status should be linked to human-rights improvements in China, a senior administration official said that as a practical matter Mr. Bush could not attach conditions beyond "rhetorical" ones.

Mr. Bush is likely to announce his decision Wednesday. He is expected to point out that some U.S. sanctions — such as the halt on World Bank loans, the suspension of military sales and the freeze on liberalizing technology exports — remain in place, other officials said. He is also expected to express continuing concern about repression and rights violations in China.

"We are debating language that amounts to putting them on notice," a senior aide said, adding that Mr. Bush had not decided how strong the language would be.

The trading status grants the lowest possible tariffs on imports into the United States, which extends it to almost all trading partners, including South Africa, Syria and Iraq.

Countries with nonmarket economies, such as China, must have their status renewed annually by a presidential certification.

Annual renewal for China has been routine since 1980. But because of the massacre of pro-democracy protesters in Beijing last June, and in light of congressional opposition to the administration's China policy, the decision is expected to be controversial on Capitol Hill.

But loss of most-favored-nation status for China would have far more serious consequences than any sanctions now in place, damaging both U.S. interests and the Hong Kong economy. Therefore, opposition is not likely to be as strong as it was last year, when Congress tried to override Mr. Bush's veto of a bill protecting Chinese students in the United States.

Several Democrats who have criticized Mr. Bush's China policy, including Representative Nancy Pelosi of California, who sponsored the Chinese students bill, and Representative Stephen J. Solarz of New York, have said they will support an extension of China's trade status if it is tied to various economic sanctions and rights improvements.

Other officials have noted that a former U.S. ambassador to Beijing,

See TRADE, Page 2

East's Next Enterprise: Sell-Off of State Firms

By Steven Greenhouse
New York Times Service

BUDAPEST — The nations of Eastern Europe are about to undertake one of the biggest and most difficult deals the world has ever seen: the sale of hundreds of state-owned enterprises to private investors.

By many estimates, East European countries, where more than 90 percent of industry is state owned, have more than $100 billion in assets to sell to profit-minded investors.

The plans and the timetables vary country by country. Hungary intends to sell off 100 to 150 companies over the next 20 months, while Poland wants to privatize 100 enterprises in a year. Czechoslovakia and East Germany are moving more slowly at first.

Despite differences in timing and approach, the countries are beginning a process that will transfer much of their economies from the state back into private hands. It represents the surest sign of the region's commitment to free enterprise after four decades of communism, as well as an effort to lure foreign capital, management skills and technology.

But Eastern Europe's selloff spree is also intended to transform social attitudes and values.

"We have two focuses," explained Istvan Tompe, director of Hungary's privatization program. "One is economic in nature, to improve efficiency, managerial skills and technology."

Mr. Tompe added: "The other focus is social. It will help create entrepreneurs and a middle class."

The region's privatization drive is likely to last a decade or more. But the goals are ambitious. By the year 2000, government officials predict, as much as half of the industries in some East European nations may be in private hands.

Foreign investors, they add, could own up to a third of industrial assets, by taking over entire enterprises, by forming joint ventures or by purchasing minority stakes.

In drawing up a list of companies to sell, East European officials are first focusing on the plums rather than the lemons. Attractive companies are being put up for sale first to lure investors and put the privatization process on a solid footing.

In Hungary, the first few companies earmarked for selling are Ibusz, the nation's largest travel agency, and several prospering pharmaceutical concerns including Egis and Gedeon Richter.

In Poland, government officials have also selected a group of solid enterprises, including Wedel, a Warsaw-based chocolate company, and Exbud, a world leader in preserving historic buildings.

In Czechoslovakia, one of the first companies expected to be put up for sale is Svit, the state-owned shoe producer that was developed by the Tomas Bata family.

Industries that will be high on the privatization list, Eastern European officials say, include food processing, hotels, specialized machinery, shipbuilding and foreign trade.

"In the beginning we should privatize just a small group of

See EUROPE, Page 13

New Fear and Loathing for Hunter Thompson

By Dirk Johnson
New York Times Service

ASPEN, Colorado — Since 1972, when Hunter S. Thompson wrote "Fear and Loathing on the Campaign Trail," which included accounts of his rather wild ways, the mores of the nation have become more conservative, especially about the use of illegal drugs.

Mr. Thompson, the inspiration for the Uncle Duke character in the Doonesbury comic strip, says he, too, has moderated — in his way.

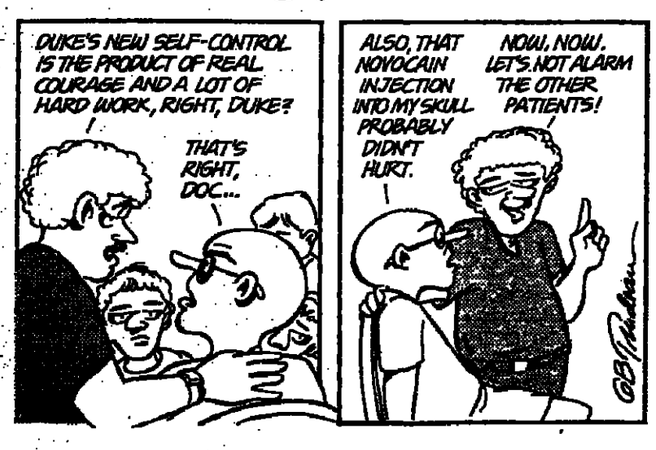
"I've given up mescaline," he said recently. "Given up acid, too, for the most part because there isn't any around anymore."

With Mr. Thompson, it is often difficult to separate fact from gonzo, the vaguely defined journalistic genre that describes his exaggerated style.

And so it is with the case of the State of Colorado v. Hunter S. Thompson, who lives in a secluded hollow called Woody Creek, a few miles outside this resort town.

Mr. Thompson, 52, appeared in court Tuesday for a pretrial hearing on misdemeanor charges of sexual assault and felony charges of possessing illegal drugs and dynamite.

The charges stem from a meeting between Mr. Thompson and Gail Palmer-Slater, a former producer of and actress in pornographic films, in February in the writer's home.



According to a statement that Ms. Palmer-Slater gave to the authorities, Mr. Thompson became angry when she would not join him in his hot tub.

He twisted her breast, she said, and flung a drink at her. She also said he and some friends were snorting a substance that she believed was cocaine.

Three days later, six investigators from the district attorney's office went to Mr. Thompson's home with a search warrant for drugs.

After 11 hours, they said, they turned up about one-tenth of a gram of cocaine, a few ounces of marijuana, 39 tablets of LSD, a small number of Valium-like sedatives and a few sticks of dynamite.

Mr. Thompson was charged with misdemeanor sexual assault. The drug charges are felonies. Possession of dynamite without a permit is also a felony. If convicted, he could go to prison for decades.

The writer said prosecutors had offered a plea bargain that would result in two years of court supervision. He said emphatically that he would reject the offer.

Mr. Thompson, his friends and even a few longtime enemies in Aspen have reacted with indignation to the search, which they contend was unconstitutional.

"Nobody can remember when a misdemeanor charge has caused an 11-hour search with six officers," said one friend, J. Michael Solheim. Supporters have organized the Hunter S. Thompson Legal Defense Fund.

Mr. Thompson said the drugs were probably several years old. "I've been living in this house for 24 years," he said, "and every freak in the world has come through — well, not every freak — and I'm sure it's possible they might have been able to scrape up something in an 11-hour search."

Mr. Thompson, who was nearly elected sheriff of Aspen in 1970, said the search and charges had resulted from the personal

See GONZO, Page 2

Solidarity Warns Rail Stoppage May Spawn Wide Unrest

Reuters

WARSAW — Striking railroad workers blockaded Poland's main port on Tuesday, and the Solidarity trade union warned that violent protest could spread across the country.

The Solidarity leadership, meeting in Gdansk, condemned the strike, which blocked rail access to two Baltic ports, but urged the government to negotiate with workers over pay demands.

"The present events are the first serious warning to the present government," said a union statement calling for immediate talks to end the stoppage. "The lack of competence of the Transport Ministry has led to a situation in which not undertaking such talks could threaten the violent spread of the conflict to the whole country."

Labor Minister Jacek Kuron said in a broadcast speech that meeting striker demands would jeopardize economic programs and encourage further stoppages. "If the government backed down just once," he said, "we would encourage all employee groups to extort subsidies from the budget through strikes."

"The railways are a special enterprise in which a small group of people could paralyze the whole country, ruin the economy, topple the system," he said. "It is a service and should remain a service."

About 2,000 rail workers started the protest on Sunday, halting traffic in the northwestern region of Pomerania and disrupting it elsewhere.

The strike escalated Tuesday, when protesters blocked the railroad station at the northwestern port of Szczecin, which also controls access to the adjacent port of Swinoujscie. The complex is Poland's biggest port for exporting coal, its chief foreign-currency earner.

The rail stoppage is the most serious outbreak of labor unrest since the government imposed austerity measures Jan. 1 to curb inflation. The measures have sharply cut real wages.

The Solidarity statement said the strike reflected worker frustration with the government's "passivity" in tackling a recession that has seen industrial output drop by one-third.

The government, itself Solidarity-led, has denounced the strike as illegal and ordered ministers and provincial governors to ensure that railroad lines are kept free.

The strikers are demanding a 20 percent pay increase to put their earnings at 10 percent over the national monthly average of 932,000 zlotys ($98).

The stoppage has erupted just before Poland's first free postwar local elections. The vote on Sunday is regarded as a major step toward reviving democracy and breaking the control of former communists over local institutions.



Peter Dejong/The Associated Press

OUTCRY IN SURINAME — A woman carrying a child joined demonstrators in Paramaribo demanding that the government make improvements in housing and in sanitation conditions.

Rocard Asks All Parties To Help on Immigration

By Edward Cody
Washington Post Service

PARIS — Prime Minister Michel Rocard urged the French Parliament on Tuesday to join his government in an unusual nonpartisan effort to solve France's explosive immigration problem before it generates more racism and extreme-right politics.

Mr. Rocard's appeal was in response to a spreading sense that the country faces a potentially dangerous racism problem over large numbers of North African immigrants with whom the mainstream political leadership has failed to come to grips through integration programs or border controls.

"Do not count on us to escape responsibility for all these problems by handing them to a committee of wise men, however competent they may be," Mr. Rocard said in a parliamentary debate.

"So for once I invite all parliamentary political forces to be the lucid, responsible and level-headed wise men of good will whom France and the French urgently need."

Although the immigration problem has been a fixture of French political debate in recent years, it has been surrounded by a mood of particular urgency since a Jewish cemetery was desecrated earlier this month at Carpentras in southern France.

The targets of most racism in France are North African Arabs but the graveyard outrage has nevertheless riveted the country's attention on its attitude toward minorities and on the status of Jean-Marie Le Pen's extreme-right National Front party, which appeals to anti-immigrant resentment under the slogan "France for the French."

Mr. Le Pen was widely blamed for helping create an unhealthy atmosphere in which the Carpentras incident occurred. The rightist leader often has made statements denounced as anti-Semitic as well as anti-Arab. He once called the Nazi murder of six million Jews a "detail" in World War II.

Mr. Rocard called on the opposition neo-Gaullists and their conservative allies to join his Socialist government in a special roundtable on immigration beginning Tuesday with the goal of writing a nonpartisan "charter" on immigration.

Opposition leaders previously have refused his invitation as a political maneuver, insisting instead that he bring forward new legislation with specific ideas. Alain Juppé, a leader of the neo-Gaullist Rally for the Republic, returned to this objection Tuesday, telling Mr. Rocard he should govern and stop trying to diagnose.

The Socialist government repeatedly has announced it will no longer permit large-scale immigration into France. According to the Interior Ministry, the number of foreigners with residence papers in France has risen to about 4.5 million in a population of 55 million. Of these, about 1.4 million are Arabic-speaking workers.

■ 2 More Graffiti Incidents

Four people in eastern France have been charged with painting anti-Semitic graffiti in separate incidents at a synagogue and a Jewish cemetery, The Associated Press reported.

A Currency Dispute Stalls U.S.-Soviet Airline Talks

New York Times Service

WASHINGTON — Negotiations on expanded airline service between the United States and the Soviet Union have stalled over economic issues, dashing hopes that an agreement could be signed at next week's summit meeting, according to U.S. officials.

Major disagreements surfaced in April over what currency U.S. airlines would use when selling their tickets and paying their costs in the Soviet Union, officials involved in the discussions said.

The Soviets want the U.S. airlines to sell tickets only for dollars, which severely restricts their access to the biggest and fastest growing segment of the aviation market between the two countries: Soviet citizens who possess only rubles. The Soviets also want the U.S. airlines to pay in dollars for all their expenses in the Soviet Union, including food services, fuel, rent and labor.

The Americans want permission to sell tickets directly to Russians who would pay in rubles. The airlines then would spend the rubles in the Soviet Union to pay their operating expenses, bypassing the costly artificial exchange rate.

STALL: *U.S. Wary of Soviet Delay*

(Continued from Page 1)

of tanks and artillery pieces. Success would mean that no serious conventional military threat against Western Europe existed.

And once the Soviet Union pulls back, a White House planner said, it will become far more difficult, if not in practice impossible, for any *harder-line government in Moscow* to try to re-establish power in Eastern Europe.

On the surface, the issues stalling the talks are disagreements over the maximum number of aircraft to be allowed; limits on forces deployed by individual Western countries, as opposed to the Western alliance as a whole, and differences on the proper definition of tanks.

Some State Department experts argue that the Soviet stonewalling results from the inability of senior Kremlin officials to find enough time in the current chaotic situation in the Soviet Union to focus on the issue.

But others in the administration argue quite the opposite: that President Mikhail S. Gorbachev and his advisers are trying to figure out how to retain at least a modicum of military strength and influence in the former satellite countries along the western border of the Soviet Union, which Moscow has seen for decades as an indispensable buffer against NATO forces.

Another major element in their thinking, U.S. officials say, is how to deal with the troops that are brought home and to keep them from imposing fresh burdens on an already badly weakened economy. A third consideration, some analysts believe, may be a Soviet desire to keep major troop structures in place as a bargaining counter on a unified Germany.

By yielding more on strategic weapons *than on conventional* forces, the Soviet leaders have in effect forced a reversal in the Bush administration's priorities. Unable to make progress on their No. 1 goal, Mr. Bush and Mr. Baker have had to settle for progress toward a secondary though still critically important accord.

In addition, the Soviets are still holding out on the central question in German unification. Economic integration is scheduled to take place in less than six weeks, on July 2, but there is still no agreement between the Soviet Union and the Western powers about what politico-military posture the new Germany will take up after unification.

Washington and its allies have been insisting that Germany play a full role in NATO, but Moscow insists on German neutrality or membership in both NATO and the Warsaw Pact, which is much the same. This difficulty and the related trouble in the conventional arms talks makes the "new European architecture" of which Mr. Baker has spoken seem remote.

But it may be that Mr. Gorbachev, who faces a difficult and potentially tumultuous Communist Party Congress only a month after returning to Moscow from Washington, wants to delay any agreements on a new Europe — with the inevitable reminders of the greater Soviet strength in the old one — until after that meeting has ended.

In the meantime, he could point to arms-control progress, and perhaps even to pictures of warm receptions for himself in Minneapolis and San Francisco, as evidence that relations with the United States continued to improve.

NATO: *Bush's Idea Is for a Combined Military Unit*

(Continued from Page 1)

German troops could be a symbol of the multinational commitment.

NATO currently operates with an integrated command structure under an American four-star general, but national forces generally perform separate military roles and have been deployed along the East-West confrontation line in national zones of defense.

Mr. Cheney, asked whether the proposal was designed to mute nationalist tendencies in Europe as it prepares for a reunified Germany, said, "I think it is one more way to give a political dimension to our military arrangements."

"We will have to be more sensitive than we've had to be in the past about how the host nations look at the troop presence of NATO forces in their areas and one way to emphasize the multilateral nature of the NATO alliance is to have units composed of troops from various nations," he added.

A number of Western defense officials here expressed the view that the delay in completing work on a Conventional Forces in Europe treaty is more related to Soviet concerns about the German military question than the technical issues that have been cited publicly.

The Soviet "focus is on the German question and the other issues are of minor importance," said Stefan Lang, spokesman for the West German Defense Ministry.

A U.S. official said that West German leaders had encouraged the United States to embrace the multinational proposal to help the government of Chancellor Helmut Kohl in making the continued large presence of U.S. ground forces in West Germany more palatable in the face of demilitarization sentiment there. "It would be a good side effect, of course," Mr. Lang said.

Hugh Colver, spokesman for the British defense minister, Tom King, said Britain also supports the multinational concept because it further "locks in" NATO's role and broadens the political appeal of the alliance at a time when its future role and membership is being questioned.

A senior U.S. official expressed hope that France, which does not take part in NATO military coordination, might be drawn into the NATO strategic review.

"We would welcome finding ways for France to participate," the official said.

Another U.S. official with Mr. Cheney said the idea of multinational forces within NATO had been discussed at high levels in Washington since January.

In recent weeks, with backing from the Pentagon, it was endorsed by an interagency review within the Bush administration as a "very promising idea to promote."

He said the proposal was also designed to combat the negative political impact of "singularization," which "singles out" the United States for its large troop presence in Europe and more recently has focused concern on the size of a reunited Germany's military.

The Soviet Union is said to be pressing the United States to set limits on the size of the German military, an idea that Washington and Bonn oppose unless it is done in a multilateral framework that does not single out Germany.

The U.S. proposal appears designed both to address growing opposition in West Germany to U.S. troop deployments and to anchor the United States more firmly to a future military role and presence on the continent.

That presence could be a more diluted presence in a smaller NATO military force, or in a broader security arrangement that eventually draws both Eastern and Western nations together in a continent-wide defense pact.

In his prepared arguments for NATO defense ministers, Mr. Cheney also pointed out that "any aggressor" against such a multinational force would not be able to exploit political differences within NATO by seeking to intimidate one nation's forces.

Speaking to reporters on his plane, Mr. Cheney also acknowledged that the U.S. planned to keep 195,000 troops in Central Europe after signing a Conventional Forces in Europe treaty with the Soviet Union that may well be revised after NATO heads of state meet in London in July.

He also expressed the view that the slowdown by Soviet negotiators in completing the Conventional Forces in Europe treaty relates to insecurities that have arisen from the collapse of the Soviet-led Warsaw Pact military alliance.

Still, Mr. Cheney said he was optimistic that the Soviets would seek to conclude the pact this year.

The defense secretary said that U.S. decisions to reduce military spending, along with NATO plans to reassess the need for ground-based nuclear weapons in Europe, were intended to send "a very clear signal" to Moscow.

That signal would tell the Soviets that "they've got nothing to worry about where NATO is concerned; that we are eager to reduce the overall level of deployments in Europe to lower levels and that we are not in any kind of position of trying to take advantage of the obvious difficulties the Soviets face now."

■ Soviet Proposal Rejected

The United States and NATO rejected a Soviet proposal that limits be set on the size of a united Germany's armed forces before a treaty is signed on conventional force reductions in Europe, Reuters reported from Brussels.

Mr. Cheney and NATO officials reacted coolly to the Soviet demand, put to Secretary of State James A. Baker 3d in Moscow last week, that such limits be discussed in the Two-plus-Four talks on security aspects of German unification.

"The Soviets consider that the size of the German armed forces is an important part of the security equation in Europe and they want limits set before this round of CFE is completed," a NATO diplomat said.

Mr. Cheney said before of the defense ministers' meeting that the question must be discussed within the framework of the Vienna talks on conventional forces, but not in the current round, which foresees cuts only in U.S. and Soviet troop levels.

TRADE: *Bush Set to Renew China's Favored Status*

(Continued from Page 1)

Winston Lord, a leading critic of the administration's efforts to improve ties with Beijing, is also supporting a qualified extension of China's benefits.

Administration officials said Mr. Bush made his decision in part because he had been told that there was insufficient Democratic support to block the move in Congress.

[In advance of a White House announcement, the Senate Democratic leader, George J. Mitchell of Maine, strongly criticized any renewal of the trade benefits, The Associated Press reported Tuesday.

["Should we, by now giving the Chinese government what it wants, passively adopt the Chinese government's casual dismissal of our concerns?" Mr. Mitchell said. "I say we should not, because it is contrary to our principles, contrary to American interests and wrong."

[Mr. Mitchell said the Bush administration, by its actions, was "sowing the seeds of disaster with respect to the next generation of leaders in China."]

Mr. Bush has until June 3 to make his decision but was expected to announce it Wednesday to show his "good faith" in Congress before it recesses for Memorial Day at the end of the month. He also sought to avoid announcing a decision on the eve of the first anniversary of the Chinese crackdown, officials said.

Last week, Mr. Bush made an oblique reference to Mr. Lord's position when he referred to "significant editorial comment" urging the protection of the trade status. That comment, Mr. Bush said, came "from people that were quite critical of me in the way I handled the student matter."

He said he did not want to send a signal that the United States was pleased with China's rights record. But at the same time, he added, the administration was considering the benefits of continued economic contact with China and the impact on Hong Kong of a potential withdrawal of China's trade status. Hong Kong relies heavily on re-exports of Chinese goods.

Even with a continuation of the status for China, its trade relationship the United States could face serious problems down the road, according to analysts.

A strong surge in Chinese exports to the United States last year — coupled with a decline in China's purchases from U.S. companies resulting from Beijing's economic austerity program — created a $6.2 billion U.S. trade deficit with China in 1989.

This amounted to the fourth-largest bilateral trade deficit for the United States; it equaled the imbalance with South Korea. Figures for the first three months of 1990 follow this trend.

The Chinese surplus amounted to $3.5 billion in 1988.

China's strong trade showing came from a surge in U.S. sales of footware, luggage, toys, apparel and small radio-tape recorders. All are products that would suffer from higher tariffs if the United States withdrew trade benefits.

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APPEARING EACH WEDNESDAY
AND FRIDAY IN THE IHT

GONZO: *Drug Troubles*

(Continued from Page 1)

vendetta of some enemies. He added that the case illustrated erosion in the rights of privacy.

"There was a time in this country when you didn't risk your life and freedom by having some little pills in your house," he said. "What's at stake here is the Fourth Amendment. Things have apparently gone a lot farther in this country than I had realized."

Mr. Solheim said Mr. Thompson was being punished for his eccentric way of life and his liberal writings.

Prosecutors did not return repeated telephone calls.

It is a strange, unseemly adventure, one that Mr. Thompson might have written about. Indeed, he said, it might be grist for his mill.

"It's a weird idea, but I'm thinking about covering my own trial," he said. "I'm sure my lawyers will go nuts."

He said his reports on the trial might appear in Rolling Stone, which bears his name on its masthead as national affairs editor.

And his agent, William Stankey, said the legal problems had helped Mr. Thompson's lecturing career.

"It's really increased the interest in Hunter on college campuses," Mr. Stankey said. "He's already booking into the fall."

Mongolia Gets an Opposition

Reuters

ULAN BATOR, Mongolia — The first opposition party in Mongolia was formally registered Tuesday and given a legal status less than two weeks after a law allowing a multiparty system was enacted.

ISRAEL: *Protests Spread*

(Continued from Page 1)

ing inside Israel or in East Jerusalem for the first time since the intifada began in December 1987.

■ Arafat Seeks U.S. Visa

Yasser Arafat, chairman of the the Palestine Liberation Organization, is seeking to attend an emergency United Nations Security Council session in New York, but American officials said Tuesday that no decision had been made on granting him a visa, The Associated Press reported from Washington.

Mr. Arafat made an indirect request for an entry visa in a letter to the UN secretary-general, Javier Pérez de Cuéllar, anticipating that it would be passed on to the State Department, which denied him a visa two years ago for a similar debate on the Middle East.

U.S. officials said the situation was hypothetical because Mr. Arafat had not made a formal request.

WORLD BRIEFS

Efforts to Heal Constitutional Rift Are Hurt as Quebec Minister Quits

TORONTO (WP) — Prime Minister Brian Mulroney's senior cabinet minister from Quebec, Environment Minister Lucien Bouchard, resigned Tuesday from the government and the ruling Progressive Conservative Party, dealing what was seen as a fatal blow to proposed constitutional amendments designed to heal rifts in the Canadian confederation.

Mr. Bouchard said he was leaving the party because of negative reactions within English-speaking Canada to the proposed constitutional changes and because of what he called government attempts to water down the proposals, which would give provinces special powers and recognize the French-speaking province of Quebec as a "distinct society."

Mr. Bouchard told the House of Commons that Quebec's French-speakers regarded attempts to alter the amendments as "an insult to their sense of honor." In his resignation letter to Mr. Mulroney, Mr. Bouchard said that only when Quebec regrouped its powers could it negotiate from a position of strength on a new political arrangement with English-speaking Canada.

Leaders of the Parti Québécois said the resignation meant that the Meech Lake Accord, as the amendments are known, was dead. They also predicted a rush of separatist sentiment in Quebec. The accord was designed to persuade Quebec to sign the constitution.

Gadhafi Warning on Hostage-Taking

NICOSIA (Reuters) — The Libyan leader, Colonel Moammar Gadhafi, has warned of more hostage-taking in the Middle East if Israel and Western countries refuse to release Arab prisoners.

In an interview with the Lebanese magazine Hawadess, Colonel Gadhafi also said he expected an "explosion of violence" over Israeli actions in the region and Western support of Israel. The interview, to be published on Wednesday, was quoted by the Libyan press agency JANA.

The Libyan leader said many hostage-takers had told him that unless Israel and Western countries freed imprisoned Arabs and Muslims there would be "more hostage-taking and more violent action." What is needed now, he quoted the hostage-takers as saying, "is more hostages so that the West is forced to release Arab hostages in their hands."

Beef Sales Plummeting in Britain

LONDON (Reuters) — British beef sales have fallen sharply because of fears that a fatal virus affecting cows' brains could spread to people, supermarket chains said Tuesday.

The Cooperative chain said beef sales in some of its 80 stores in southeast England were down by nearly 50 percent, despite repeated government assurances that there was no danger.

Meat traders reported that the number of cattle sent for slaughter Monday dropped by 38 percent because farmers anticipated lower demand. The virus, officially called bovine spongiform encephalopathy, BSE, but dubbed Mad Cow Disease by newspapers, infected cattle after they were given fodder that included sheep offal. Health Minister Kenneth Clarke said Tuesday: "We are completely confident that there is nothing wrong with beef. My attitude would change dramatically if I thought there was any scientific backing for this scare."

Congress Passes Bill on the Disabled

WASHINGTON (AP) — Congress voted, 403 to 20, on Tuesday to approve landmark legislation outlawing discrimination against the 43 million mentally and physically disabled people in the United States.

The Americans with Disabilities Act guarantees equal access to employment, transportation and other rights to the disabled, including AIDS sufferers. Supporters of the act say it will do for the disabled what the 1964 Civil Rights Act set out to do for blacks and other minorities.

The bill must go to House and Senate negotiators because of an amendment in the Congress that would keep AIDS-infected employees from handling food. The Senate passed its version of the bill by 76 to 8 in September. Passage of the measure followed a 227-to-192 vote that defeated an administration-backed amendment that would have prevented disabled workers from seeking damages from employers who willfully discriminated.

EC Court Says Parliament Can Sue

LUXEMBOURG (AP) — The European Court of Justice ruled Tuesday that the European Parliament could take legal action against decisions made by other EC institutions. It said that since the founding Treaty of Rome did not specify that right, it amounted to a "lacuna" in Community jurisprudence.

The 518-member parliament, whose powers are limited, has long lobbied to improve its legislative and legal positions. In 1988, it sued the Council of Ministers, which represents the 12 EC states, over a decision on maximum levels of radioactivity in animal foods.

The council said the treaty did not give parliament legal recourse.

TRAVEL UPDATE

U.S. May Require Air Seats for Infants

WASHINGTON (AP) — The National Transportation Safety Board approved a recommendation Tuesday under which parents would have to obtain airline seats for small children and use approved restraints rather than carry them on their laps. The proposal would have to be approved by the Federal Aviation Administration.

The board left it up to the agency or airlines to decide whether seats would have to be paid. Airlines indicated that they would still give available seats free to children under 2 years. But the board's recommendation would extend to some older children if they are under 40 pounds (18 kilograms) in weight or 40 inches (102 centimeters) tall.

Radar Tracks Birds in Europe Airways

HELSINKI (Reuters) — European civil-aviation authorities are using radar to track flocks of migrating birds in an effort to reduce the risk of planes hitting them, officials said Monday.

About 3,000 so-called bird "strikes" against aircraft were recorded in Europe last year, although only 30 caused damage requiring repairs. Delegates at a meeting of the Bird Strike Commission Europe said radar could provide early warning to pilots to avoid flocks on their flight path. A Finnish airline pilot, Seppo Kirjonen, said authorities in Finland and Estonia had tracked migrating Arctic birds and warned each other of their movements for five years.

Trains in Greece stopped, airports were in chaos and banks closed as more than a million workers around the nation joined a 24-hour strike Tuesday to protest the new conservative government's economic austerity measures. A 48-hour teachers' strike also began Tuesday. *(Reuters)*

French air controllers are threatening a 24-hour strike Monday that could disrupt up to 400 domestic and international flights. Unions said Tuesday that the strike, for better pay and conditions, would go ahead if talks with management, scheduled Wednesday, fail. *(Reuters)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	16	61	9	48	fr
Athens	26	79	17	63	fr
Barcelona	21	70	10	54	fr
Belgrade	24	75	13	55	fr
Berlin	20	68	12	54	fr
Brussels	19	66	8	46	fr
Budapest	23	73	13	55	fr
Copenhagen	14	57	6	43	fr
Costa Del Sol	23	73	17	63	fr
Dublin	17	63	—	—	fr
Edinburgh	15	59	9	48	fr
Faro	22	72	14	57	fr
Florence	25	77	16	61	fr
Frankfurt	20	68	14	57	fr
Geneva	21	70	9	48	fr
Helsinki	13	55	4	39	fr
Las Palmas	22	72	17	63	fr
Lisbon	23	73	13	55	fr
London	16	61	6	43	fr
Luxembourg	20	68	11	52	fr
Madrid	22	72	13	55	fr
Milan	23	73	15	59	fr
Moscow	15	59	6	43	cl
Munich	20	68	6	43	fr
Nice	22	72	16	61	fr
Oslo	18	64	9	48	sh
Paris	19	66	12	54	fr
Prague	20	68	9	48	fr
Reykjavik	9	48	4	39	cl
Rome	23	73	14	57	fr
Stockholm	12	54	3	38	fr
Strasbourg	21	70	10	50	fr
Vienna	22	72	13	55	fr
Vienna	21	70	13	55	fr
Warsaw	19	66	6	43	fr
Zurich	22	72	9	48	fr

MIDDLE EAST

Ankara	19	66	—	—	cl
Cairo	—	—	—	—	no
Istanbul	17	63	—	—	fr
Jerusalem	22	72	10	50	fr
Tel Aviv	25	77	14	57	fr

OCEANIA

Auckland	—	—	—	—	no
Sydney	16	61	12	53	r

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	25	77	fr
Beijing	28	82	13	54	sh
Hong Kong	28	82	24	75	sh
Manila	32	90	25	77	sh
New Delhi	39	102	28	82	fr
Seoul	19	66	12	54	cl
Shanghai	21	70	19	66	r
Singapore	34	93	27	81	fr
Taipei	31	88	24	75	sh
Tokyo	25	77	15	59	fr

AFRICA

Algiers	—	—	—	—	no
Cape Town	15	57	7	45	cl
Casablanca	21	70	17	63	r
Harare	24	75	12	54	fr
Lagos	31	88	24	75	fr
Nairobi	24	75	13	55	fr
Tunis	26	79	19	66	cl

LATIN AMERICA

Buenos Aires	15	59	3	38	fr
Lima	20	68	17	63	fr
Mexico City	27	81	14	57	fr
Rio de Janeiro	22	72	19	66	r

NORTH AMERICA

Anchorage	13	55	7	45	sn
Atlanta	27	81	14	57	pc
Boston	13	54	7	45	sh
Chicago	17	63	7	45	fr
Denver	29	84	11	52	pc
Detroit	19	66	7	45	pc
Honolulu	30	86	21	70	pc
Houston	32	90	21	70	pc
Los Angeles	20	68	15	59	pc
Miami	31	88	24	75	sh
Minneapolis	22	72	11	52	sh
Montreal	14	57	6	43	cl
Nassau	32	90	26	79	pc
New York	15	59	9	48	cl
Phoenix	39	102	24	75	pc
San Francisco	16	61	12	54	cl
Seattle	17	63	9	48	r
Toronto	22	72	15	59	sh
Washington	20	68	11	52	sh

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

WEDNESDAY'S FORECAST — CHANNEL: Stormy rough. FRANKFURT: Stormy. Temp. 22 — 11 (72 — 52). LONDON: Fair. Temp. 20 — 6 (68 — 43). MADRID: Rain. Temp. 21 — 12 (70 — 54). NEW YORK: Cloudy. Temps. 19 — 11 (66 — 52). PARIS: Partly cloudy. Temps. 22 — 13 (72 — 55). ROME: Overcast. Temps. 20 — 12 (68 — 54). TEL AVIV: Hot overcast. ZURICH: Stormy. Temps. 20 — 10 (68 — 50). BANGKOK: Stormy. Temps. 33 — 25 (91 — 77). MANILA: Showers. Temps. 32 — 25 (90 — 77). HONG KONG: Temp. 31 — 11 (70 — 52). SINGAPORE: Fair. Temps. 34 — 27 (93 — 81). TOKYO: Fair. Temps. 22 — 15 (72 — 59).

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Bush's Party Now Paves the Way for Candidates It Wants

By David S. Broder
Washington Post Service

WASHINGTON — Tom Christo has learned in the last few days what Steve Baer, Marlene Woodson-Howard and Bob Taft could have told him: Whatever President George Bush wants in the way of a candidate, the White House and the Republican National Committee will try to get.

Mr. Bush may be a model of caution and circumspection as a president, but as the leader of the Republican Party he has sanctioned a more aggressive policy than any of his predecessors.

With Mr. Bush's approval, the national Republican Party is intervening earlier and more often in primary contests to clear the way for hopefuls that it wants as candidates in the fall.

Mr. Christo, Mr. Baer, Mrs. Woodson-Howard and Mr. Taft, who were or are seeking the Republican nomination for senator or governor in New Hampshire, Illinois, Florida and Ohio, have all been victims of this unannounced policy.

Insiders say the aggressive stance reflects the strong personal interest that Mr. Bush has in advancing Republican fortunes during his tenure as president.

For example, Vice President Dan Quayle on Tuesday was to be the star attraction at a Washington fund-raiser for Representative Robert C. Smith of New Hampshire.

Over the weekend, the secretary of housing and urban development, Jack F. Kemp, did the honors for Mr. Smith at another fund-raiser in Manchester, New Hampshire, where the name of the White House chief of staff, John H. Sununu, was on invitations.

Mr. Smith is running for the seat being vacated by Senator Gordon J. Humphrey, Republican of New Hampshire, but he faces a long-shot challenge from Mr. Christo, a businessman, in a primary contest that will not be decided until Sept. 11.

When the state Republican chairman, Rhona Charbonneau, protested the national intervention in the race, she was told that neutrality rules of previous years had been changed.

"We're not trying to pick candidates," Mr. Sununu said. "We're trying to help the process."

But others describe the policy shift more bluntly. "In the past, we've let nature take its course, and we've remained a minority party," said a co-chairman of the National Republican Congressional Committee, Edward J. Rollins. "There's more aggressiveness, more desire to win now."

Along with the chairman of the Republican National Committee, Lee Atwater, Mr. Rollins has actively been "recruiting and clearing the way for our candidates."

Mr. Rollins, who was a White House political director under President Ronald Reagan, recalled that Mr. Reagan's personal rule was never to intervene in the Republican primaries.

The hands-off policy has been traditional for the White House and both party committees.

But Mr. Bush and the White House have played an active role in lining up the candidates for senatorial and gubernatorial contests. Mr. Rollins said that about 10 of the 30 targeted House contests in 1990 would be "my own races — places where I've gone out and recruited the candidates and cleared the way for their nomination."

The rationale, which is offered by officials at the White House and at the two Republican committees, is that "you can't recruit top-flight challengers unless you can assure that you will be with them all the way."

But Mr. Christo said, "The involvement of the vice president and the chief of staff makes potential contributors shy away."

Mr. Baer who challenged Illinois's secretary of state, Jim Edgar, for the Republican gubernatorial nomination, agreed with Mr. Christo. The Republican Governors Association sent Mr. Edgar $50,000 before the primary.

Mr. Baer drew 33 percent of the vote in the primary, and his supporters say he might have had a shot at winning had the White House stayed neutral.

In Florida, Mr. Bush and Mr. Quayle's wife, Marilyn, have raised funds to help Governor Bob Martinez, a Republican, in the Sept. 4 primary.

Vodka Ads Dry Up for Gorbachev

The Associated Press

MINNEAPOLIS — The Soviet president will not see billboards depicting him promoting a locally made vodka when he visits here next month. The ads are coming down, a liquor distributor said Monday.

"Civically, we feel it's our part to welcome him respectfully," said the president of the company that approved the campaign for Karkov vodka. The billboards show a likeness of Mikhail S. Gorbachev (birthmark on the wrong side of his forehead) holding a botle of Karkov under the caption "The Party's Over" — an apparent reference to the Communist Party's troubles.

Some Minnesotans felt the billboards would insult Mr. Gorbachev, who was not asked for permission to use his likeness.

AMERICAN TOPICS

Trend in Bookstores: Much Greater Variety

Bookstores that specialize in best-sellers, offer a limited choice of titles and hire inexperienced help are getting increasing competition from large, expertly staffed bookstores with a wide range of titles, The New York Times reports.

The trend is led by Borders of Ann Arbor, Michigan, which started in 1971 and now has 10 branches around the country, with four more opening this year. A typical Borders store has 115,000 titles, compared with the 15,000 to 25,000 available in the average chain store. Computer software permits large inventories. To work for Borders, applicants have to pass a test with such questions as who wrote "Middlemarch" and which subject area would carry books about Ludwig Wittgenstein.

Borders is doing so well that the main chains — B. Dalton, Crown and Waldenbooks — are all opening "superstores" with similar title ranges.

Joseph Gable, president of the Borders store in Ann Arbor, notes a growing sense that backlist books — those that remain in print year in and year out — "are the meat and potatoes of publishing."

Notes About People

President George Bush upbraided reporters who stood and watched instead of jogging along with him as he circled the football field at the University of South Carolina for 25 minutes before giving a commencement address there. In a joshing tone, Mr. Bush criticized "reporters who slovenly sit back in the grandstands while some of us are out running." Then he turned to the "boom men" who hold microphones on long poles to pick up his words. One of them recently dropped his mike on an Oval Office table. Mr. Bush said exercise would give them more "strength in the forearms to keep those microphones up in the air."

Abraham D. Sofaer, the State Department's legal adviser since 1985, plans to return to private life this summer, department sources say. Mr. Sofaer, 52, is best known for his reinterpretation of the 1972 Anti-Ballistic Missile Treaty to fit Ronald Reagan's desire to put weapons in space.



Rick Wilking/Reuters

ELEMENTARY, MY DEAR BATSON — George Bush showed 10-year-old James Batson a fine point or two about the presidential limousine's intercom before departing an award ceremony at an elementary school in Portland, Oregon.

Short Takes

In a federal-state experiment, a limited number of unemployed workers in Washington state are being given their half-year of benefits in a lump sum so they can start their own businesses, usually small manufacturing or service operations. Welding, dollmaking or producing videotape programs are three examples. Applicants must submit elaborately detailed plans and must take classes in business feasibility, marketing, finance and accounting.

Giant African frogs fell far short of their ordinary American cousins last weekend in the world's premiere frog-jumping event at Angels Camp, California. In the final round of the 62d annual Calaveras County Jumping Frog Jubilee, the longest giant jump was 7 feet 10 inches (2.39 meters) — far short of the winning leap of 19 feet 3 inches by a bullfrog named "Help Mr. Wizard." The giant frogs' owner, Andy Koffman of Seattle, blamed cold weather and said he would be back next year.

A Philadelphia businessman who asked his secretary to scout for good-looking women at a local bar and phone in her findings on a beeper is a dubious "winner" in a national bad-bosses' contest conducted by a Cleveland clerical workers' group. Also in the running were a broker who had secretaries compete in forging clients' signatures on stocks and bonds, and an insurance executive who told a female worker to bring coffee, explaining, "You squaw, me chief."

Reserved spaces in a Los Angeles parking lot are marked "Alien 27," "Alien 28," etc. No, not for creatures landing from outer space, a spokeswoman said — the spots are rented by employees of the television show "Alien Nation." Mused the Los Angeles Times, "Or is that just what THEY told her to say?"

Arthur Higbee

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U.S. and Noriega Make Deal on Defense

By James LeMoyne
New York Times Service

MIAMI — In what appears to be an effort to avoid publicly disclosing its past financial relationship with Manuel Antonio Noriega, the U.S. government has agreed to pay, at least temporarily, the costs of Mr. Noriega's legal defense against drug-trafficking charges.

The arrangement will allow Mr. Noriega to keep the lawyers of his choosing. They recently threatened to quit because the government froze his assets after contending the funds had been obtained unlawfully.

Had the lawyers quit, Mr. Noriega might have had to turn to public defenders and had a highly limited budget for his defense.

In return, his lawyers pledged at a pretrial hearing in U.S. District Court on Monday to drop subpoenas designed to force the government to disclose how much it paid Mr. Noriega in the years when, as Panama's military leader, he reportedly worked as an agent of U.S. intelligence agencies.

In their argument with the government over Mr. Noriega's money, defense lawyers have sounded a theme they are likely to repeat at his trial. Their contention is that for many years Washington knew of his activities, legal or illegal, and gave its consent.

A Justice Department official said that in the hearing Monday the government disclosed to District Judge William M. Hoeveler the amount it had paid Mr. Noriega but would not disclose the amount to the public or to his lawyers.

The defense team appeared ready to accept that condition in return for government agreement to the unusual arrangement under which it will at least initially pay for Mr. Noriega's defense.

Mr. Noriega sat in court quietly listening to the pretrial deal-making. He wore the four-star uniform of the commander of Panama's army, a concession granted under his status as a prisoner of war.

The chief defense lawyer, Frank A. Rubino, said that as part of the arrangement Mr. Noriega had agreed to sign an affidavit appearing almost to guarantee that he will reimburse the government for the cost of his defense.

The lawyers said the guarantee would be made against bank accounts estimated at more than $20 million. The accounts are frozen, the U.S. government claiming that they are the profits of drug deals.

It was not clear why the government prefers the circuitous method of having Mr. Noriega reimburse it for the cost of his defense instead of simply unfreezing his accounts and letting him pay his lawyers directly.

The most likely reason seems to be the government wants to limit Mr. Noriega's access to funds that he could conceivably use to finance a political or armed opposition movement in Panama.

After years of cooperation with Mr. Noriega, the United States invaded Panama last December to arrest him as a suspected drug dealer, a status he had assumed officially in 1989, when two grand juries in Miami indicted him on more than a dozen drug-related charges. More than 200 civilians were killed in the invasion and millions of dollars of property was destroyed.

Because the government froze all of Mr. Noriega's accounts, his lawyers had petitioned to withdraw from the case, saying they were not being paid and that there were no funds for an adequate defense.

At the same time, however, they subpoenaed virtually every major U.S. intelligence, defense and foreign policy agency, demanding that disclosure of how much they may have paid him over the last three decades.

Defense lawyers say the subpoenas were designed to force the government to admit that Mr. Noriega was a paid U.S. agent and to demonstrate that at least some of the money in the accounts came from fees paid by the government.

Mexico's Old Guard Doesn't Go Quietly

By Larry Rohter
New York Times Service

SAN LUIS POTOSI, Mexico — Minutes after Guillermo Pizzuto Zamanillo was sworn in as mayor last year, he learned that just 14 of the police department's cars worked properly. The other 50, he was told, had been stripped of tires, two-way radios or motors by the departing administration of the Institutional Revolutionary Party.

Of the 54 municipal garbage trucks in this city of more than 500,000 people, only 29 had engines. And at city hall, reams of municipal records and statistics had been removed in what the new mayor said was the first blow in a continuing effort by the Institutional Revolutionary Party, or PRI, to sabotage his government.

"When we came into office, there was absolutely nothing left to us, not typewriters, not calculators, nothing," said Mr. Pizzuto, a metallurgy professor and businessman. "Even to clean the municipal office building, we had to go out and buy soap and brushes."

Mexico's attempts to make the difficult transition from one-party rule to genuine democracy are encountering problems at the grass roots. Although the governing party has enjoyed a monopoly on federal power since 1929, it has also been forced by voters to cede some ground at the local level since President Carlos Salinas de Gortari came to office in December 1988 promising to usher in an era of "modern politics."

About 5 percent of Mexico's nearly 2,400 municipalities are now governed by opposition parties of the right or left, roughly five times the figure of five years ago. The expectation among Mexican and foreign political specialists is that opposition parties will continue to make electoral gains.

Leaders of opposition parties accuse PRI officials of deliberately crippling newly elected opposition administrations in an effort to persuade voters that only the Institutional Revolutionary Party can be relied on to deliver public services and security.

"There is a total lack of congruity between the modernizing, pluralist discourse of the president and the facts as practiced on the local level," Mr. Pizzuto said. "When I hear the talk of modernization, it saddens me, because I think nobody in the ruling party has understood it."

Mr. Pizzuto said the PRI-dominated government of the state of San Luis Potosi, the headquarters of which is directly across the square from his own office, had ignored constitutional provisions for revenue-sharing and held back money due the city.

Although in 1988 the departing PRI city government was given $12.5 million by the state, "I have received nothing, zero, since taking office," he said, thereby forcing cutbacks in some city programs.

Other opposition mayors say they have had similar problems. After he was elected mayor of the Pacific Coast port of Ensenada in 1986, Ernesto Ruffo Appel of the National Action Party found that his request for money to pave city streets was denied.

Undeterred, he called for voluntary donations from residents, set up a profitable municipal asphalt company with the money collected and ended up paving more streets than any city in his state.

"All of this is done so that things function badly and you don't get results," said Mr. Ruffo, who last year became the first opposition state governor in modern times when he triumphed in the state of Baja California Norte.

"It's a bureaucratic war," Mr. Ruffo said of his struggles with the governing party as mayor of Ensenada. "Your money is due on the 15th of the month, and on the 29th you still don't have it. So you complain, and they say, 'It hasn't arrived from Mexico City yet.' But then you learn the money is actually in the bank, earning interest."

Salvadoran Rivals Pledge Cease-Fire

Washington Post Service

SAN SALVADOR — The Salvadoran government and leftist guerrilla leaders have pledged to reach a cease-fire accord by mid-September, breaking a longstanding deadlock on how to end the 10-year-old civil war. For the first time, the rebels held out the possibility of supporting elections scheduled for next March.

The preliminary agreement was signed Monday in Caracas, Venezuela, after five days of United Nations-sponsored talks and ahead of a vote in the U.S. Congress on military aid to the government of President Alfredo Cristiani.

The cease-fire is dependent on the two sides first reaching accords on a wide spectrum of political and economic issues before the September deadline.

Inmate With AIDS Gets 25 Years for Guard Bite

New York Times Service

CAMDEN, New Jersey — A prison inmate infected with the AIDS virus has been sentenced to 25 years in prison for trying to murder a prison guard by biting him.

Judge John B. Mariano of Superior Court said the fact that AIDS was extremely unlikely to be transmitted through biting did not matter. What was important, he said, was that the prisoner, Gregory Dean Smith, believed the disease could be transmitted that way.

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May 22, 1990

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(w) Asian Tigers Fund $ 34.11
(w) LDC Risk Inv.fund $ 1041.05
(w) Trans Europe Fund FL 84.23
(w) Trans Europe Fund $ 45.30
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(m) Alpha Global Fund $ 400.82
(m) Alpha Hedge Fund $ 317.84
(m) Alpha Pacific Fund Ltd. $ 259.37
(m) Alpha Short Fund Ltd. $ 103.57
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(d) Stockbar SF 2049.00
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(b) Germany Fixed Income DM 98.39
(b) Netherlands Fixed Income FL 99.71
(b) US Dollar Fixed Income US$ 100.72
(b) Japan Equity US$ 79.26
(b) Pacific Equity US$ 96.93
(b) Intl Portfolio 'A' US$ 97.81
(b) Intl Portfolio 'B' ECU 95.59
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(r) Multicurrency US$ $ 1,278.55
(r) Multicurrency Ecu ECU 1,174.46
(r) Multicurrency Yen Y 272,903.00
(r) Multicurrency FFR FF 10,903.42
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BNP LUXEMBOURG
(w) INTERBOND FUND. $ 200.37
(w) INTERBELGIAN. FB 59,286
(w) INTERECU FUND 'A' ECU 247.19
(w) INTERECU FUND 'B' ECU 1334.27
INTER CASH
(t) France Securite. FF 12,374.40
(t) France Monetaire. FF 10,433.76
(t) ECU ECU 1,372.23
(t) US$ $ 1,055.25
(t) DM DM 2,105.47
(t) GBP £ 1,040.61
(t) FRF FF 14,412.59
(t) France Capital. FF 11,591.30
INTER OPTIMUM
(w) BEF/LUF FB 71,271.00
(w) Multidevises DM DM 1,995.11
(w) US$ $ 986.02
(w) FRF FF 10,469.44
INTER STRATEGIE
(w) France. FF 10,905.36
(w) Europe du Nord. £ 1,018.63
(w) Europe du Centre. DM 2,349.31
(w) Europe du Sud. ECU 1,018.63
(w) Japan. YEN 139,786.00
(w) Amerique du Nord $ 1,053.19
(w) Sud-Est Asiatique. $ 1,020.10
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INTER CURRENCY
(w) US$ $ 11.4947
(w) DM DM 32.1967
(w) GBP £ 11.8929
(w) International Managed. $ 11.3198
INTER EQUITY
(w) French Offer. $ 19.31
(w) Pacific Offer. $ 22.61
(w) North American Offer. $ 12.18
(w) European Class. $ 11.87
(w) Australia Class. $ 9.46
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Share Distributor Guernsey 0481 26614
(w) Int'l Equity Fund (Sicav) $ 11.98
(w) Int'l Bond Fund (Sicav) $ 11.18
BANQUE INDOSUEZ
(w) Asian Growth Fund $ 36.86
(w) Asian Income Fund $ 8.85
(m) Dual Futures Fd. Class A Units $ 102.66
(m) Dual Futures Fd. Class B Units $ 102.51
(m) Dual Futures Fd. Class C Units $
(m) Dual Futures Fd. Class D Units $
(w) Diverbond SF 75.45
(w) The Dragon Fund Sicav $
(w) FIF Internat.Switzerland SF 100.44
(w) FIF-Internat. Div.A $ 20.00
(w) FIF-Internat. Div.B $ 21.05
(w) FIF Internat.America $ 16.19
(w) FIF Internat.Pacific $ 48.81
(w) FIF Internat.Europe $ 34.18
(w) FIF Internat.Japan Y 1,200.00
(w) FIF Intl.S'pore+Malaysia SG$ 9.83
(w) FIF Int. Nat. Res. A $ 12.04
(w) FIF Int. Nat. Res. B $ 12.35
(w) France International FF 96.82
(w) France Blue chips No 1 FF 137,544.56
(m) Galaxy Futures Fd Ltd $ 117.11
(w) Gestion Selective FF 4,714.06
(w) Indosuez Multibonds Div.A $ 138.40
(w) Indosuez Multibonds Div.B $ 290.32
(w) Indosuez Multibonds US$ $ 107.94
(w) Indosuez Multibonds YEN Y 10,173.00
(w) Indosuez Multibonds DM DM 103.48
(w) IPNA-3 $ 1120.00
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(b) Lelcom $ 2787.48
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(w) Rente Plus BF 5707.00
(t) Select. Horizon Dev. FF 55450.18
(t) Select. Horizon FF FF 59776.89
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(b) Star Conv.Fund USD $ 100.11
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(w) BSS Intelsec. SF 1488.61
(w) BSS Int'l Bond $ 1.13
(w) BSS Int'l Equity $ 2.235
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(d) Non-$ Money Market DM 32.04
(d) $ Bond $ 13.57
(d) Non-$ Bond DM 30.19
(d) European Equities $ 10.33
(d) Global Equity $ 18.11
(d) Global Bond $ 13.98
(d) Global Bond & Equity $ 15.11
(d) Pacific Equities $ 10.09
(d) Prec. Mets/Min. Secs $ 6.42
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(t) European Securities Fund ECU 14.25
(t) French Securities Fund FF 140.20
(t) North American Secu.Fund $ 12.64
(t) Pacific Basin Secu. Fund $ 8.99
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(d) Fructilux-Obl.Euro ECU 1,111.45
(w) Fructilux-Act.Fses FF 8,148.45
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(d) Fructilux court terme FF 6,119.48
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(w) Callander F-Asset $ 98.49
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(w) Callander F-Spanish. Ptas 9,493
(w) Callander Swiss Gr. SF 151.84
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(w) Capital Italia SA $ 41.98
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(w) CM Global Growth $ 10.91
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(w) Elysees Long Terme FF 56,411.85
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(w) EMF D-Mark (A&B) DM 996.28
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(w) EMF US Dollar (A & B) $ 1,097.90
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(d) Europe Prestige Fund A ECU 10.48
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(w) GAM Franc-Val Inc. SF 225.36
(w) GAM France Inc FF 1698.07
(w) GAM Global Fund $ 132.60
(w) GAM High Yield Inc. $ 90.79
(w) GAM Hong Kong Inc. $ 203.45
(w) GAM International Inc. $ 168.31
(w) GAM Japan Inc. $ 229.29
(w) GAM Money Mkts. Fund $ 103.13
(w) GAM Money Mkts. Fund £ 103.77
(w) GAM Money Mkts. Fund SF 103.43
(w) GAM Money Mkts. Fund DM 102.81
(w) GAM Money Mkts. Fund Y 10,225.00
(w) GAM Mitt-Mar Fd Inc Gen Eq $ 102.36
(w) GAM Mitt-Mar Fd Inc Alloc. $ 101.43
(w) GAM Mitt-Mar Fd - Trading $ 99.98
(w) GAM North America Fund $ 91.63
(w) GAM Pacific Basin Fund $ 129.06
(w) GAM Pacific Inc $ 121.37
(w) GAM Restr. Fd. Inc. $ 151.46
(w) GAM Singapore/Malay Inc. $ 276.79
(w) GAM Swiss Fr Spec Bond Fd SF 88.47
(w) GAM Value Inc. $ 98.99
(w) GAM Worldwide Inc $ 456.36
(w) GAM Tyche S.A. Class A $ 195.66
(w) GAM Universal (Sp) Inc. SF 92.23
(w) GAM U.S. Inc. $ 166.72
(w) GAM Whitethorn Fund Inc. $ 143.96
(w) GAM ut Inc. $ 325.74
(w) GSAM Composite Inc. $ 222.45
G.T. MANAGEMENT PLC
(d) G.T. ASEAN Fund $ 58.70
(d) G.T. Asia Fund $ 14.86
(d) G.T. Australia Fund $ 25.73
(d) G.T. Berry Japan Fund $ 37.48
(w) G.T.Biotech./Health Fund $ 11.02
(d) G.T. Bond Fund $ 16.11
(w) G.T. Britain Fund $ 6.74
(d) G.T. Deutschland Fund $ 14.64
(d) G.T. Dollar Fund $ 21.55
(d) G.T. Europe Fund $ 34.63
(w) G.T. Euro. Small Cos. Fund $ 38.34
(w) G.T.Global Small Cos.Fund $ 17.20
(w) G.T.Global Techno. Fd $ 17.73
(d) G.T. Hong Kong Fund $ 28.18
(d) G.T. Honshu Pathfinder $ 12.50
(d) G.T. Investment Fund $ 12.91
(w) G.T. Japan OTC Stocks Fund $ 13.03
(w) G.T. Japan Sml Co.Fd $ 16.23
(w) G.T. Korea Fund $ 5.76
(w) G.T. Nat Res. Fd Gold Class $ 5.93
(w) G.T. Newly Ind. Countr. Fd $ 30.34
(d) G.T. Select Dollar Bd Ptf $ 8.53
(d) G.T. Select Int Bd Pfl. $ 9.29
(d) G.T. Select Gilt Pfl. £ 7.38
(r) G.T. Technology Fund $ 44.35
(d) G.T. U.K. Small Companies $ 7.83
(d) G.T. Univ.Growth Fund $ 9.88
(w) G.T. U.S. Small Companies $ 16.19
HENDERSON HORIZON FUND
(d) HHF Japan Portfolio $ 11.34
(d) HHF Japan Sm. Cos. Ptfl. $ 17.31
(d) HHF Pacific Portfolio $ 10.79
(d) HHF North Amer.Portfolio $ 4.67
(d) HHF European Portfolio $ 8.79
(d) HHF U.K. Portfolio $ 5.29
(d) HHF Global Portfolio $ 7.22
(d) HHF Fixed Interest Ptfl. £ 8.47
(d) HHF Dollar Liq. Ptfl. $ 0.8143
(d) HHF Sterling Liq. Ptfl. £ 1.0770
(d) HHF Invt. Cos. Ptfl. $ 9.73
HENDERSON PTFL. MGT. SERVICE
(d) HPMS Dol. Bal. Gr. Ptfl. $ 2.119
(d) HPMS Stert. Bal. Gr. Pfl £ 1.388*
(d) HPMS Dol. Sel Markets Pfl $ 2.179
(d) HPMS Dol.Income & Gr. Pfl $ 1.811*
(d) HPMS Stert. High Inc. Pfl £ 0.610*
HILL SAMUEL GLOBAL PORTFOLIO
1A rue Pierre d'Aspelt Luxembourg 1142
(d) H. S. Glbl Ptfl UK Equity £ 9.34
(d) H. S. Glbl Ptfl UK Sm.Co.Eq. £ 9.77
(d) H. S. Glbl Ptfl N.Amer. Eq. $ 9.70
(d) H. S. Glbl Ptfl US Sm.Co.Eq. $ 9.22
(d) H. S. Glbl Ptfl Pac.Bas.Eq. $ 9.26
(d) H. S. Glbl Ptfl Jap. Eq. Y 941.00
(d) H. S. Glbl Ptfl Euro Eq. DM 9.97
(d) H. S. Glbl Ptfl St.Fix.Int. £ 9.57
(d) H. S. Glbl Ptfl Eu.Fix.Int. DM 9.13
(d) H. S. Glbl Ptfl Gbl. Eq. $ 9.57
(d) H. S. Glbl Ptfl Glbl. Bond $ 9.39
(d) H. S. Glbl Ptfl Glbl. Mgd. $ 9.41
HILL SAMUEL INVEST. MGMT. INTL. S.A.
Jersey, P.O. Box 63, Tel 0534 76029
Berne, P.O. Box 2622, Tel 4131 224051
(d) Crossbow (Far East) SF 14.84
(d) CSF (Balanced) SF 36.06
(d) European Equity Fund DM 20.32
(d) Intnl. Bond Fund $ 12.82
(d) Int. Currency U.S.Manag'd $ 27.87
(d) ITF Fd (Technology) $ 22.21
(d) O'Seas Fd (N. AMERICA) $ 50.63
(d) Int. Currency U.S. $ 26.99
IAM, 2 Bd. Royal LUXEMBOURG
(d) Iam Flagship Fund ECU 83.75
(w) Iam Bonds Fund-France FF 590.84
(w) Iam Bonds Fund-Deutschl DM 228.15
(w) Iam Bonds Fund-Japan Y 10,480.00
(w) Iam Bonds Fund-Switz. FS 213.32
(w) Iam Bonds Fund-U.S.A $ 106.22
(w) Iam Bonds Fund-Europe ECU 116.71
(w) Iam Bonds Fund-Netherl. FL 198.64
(w) Iam Europe global ECU 103.94
(w) Iam Europe luxe ECU 104.59
(w) Iam Europe 90/10 ECU 105.12
(w) Iam Europe 1992 ECU 109.94
(w) Iam Europe du Sud ECU 111.25
INTERSELEX GROUP
(d) Int.America Fund $ 17.44
(d) Int.Belgo Fund LF 3107.00
(d) Int.Europa Sicav LF 6686.00
(d) Int.Pacific Fund $ 1079.86
(d) Int.World Fund $ 95.05
ITALFORTUNE INTL. FUNDS.
(w) Class A (Agar.Growth Ital.) $ 58.99
(w) Class B (Global Equity) $ 10.74
(w) Class C (Global Bond) $ 10.76
(w) Class D (Ecu Bond) ECU 9.81
ISLAMIC MGMT FUND LTD $ 1121.37
CSFB Fund Mgmt Ltd (0481-713996)
PB122 St. Peter Port,Guernsey
JARDINE FLEMING, GPO Box 11448 Hg Kg
(d) J.F Japan Trust Y 19545.00

(d) J.F Pacific Sec. Trust $ 27.35
(d) J.F Pacific Income Trust $ 85.18
(d) J.F Hong Kong Trust $ 71.57
(d) J.F European $ 13.39
(d) J.F International $ 14.82
(d) J.F Glb Convertibles Trust $ 12.74
KIDDER,PEABODY & Co.Incorporated.
(b) Chesapeake Fund Ltd. $ 1328.86
(b) Stonehenge Ltd. $ 1184.32
KLEINWORT BENSON SELECT FUND
(d) British Fund ECU 1.79
(d) Emerging Asia Fund ECU 1.936
(d) European Fund ECU 2.08
(d) Japanese Fund ECU 1.78
LIPPO ASIA LIMITED
(w) Java Fund $ 10.82
LLOYDS BANK PLC, POB 438, Geneva 11
Mr. Peter Kings, 41 (22) 307333/ext. 2394
+(w) Lloyds Int'l Dollar $ 108.70
+(w) Lloyds Int'l Europe SF 172.00
+(w) Lloyds Int'l Growth SF 218.40
+(w) Lloyds Int'l Income SF 256.00
+(w) Lloyds Int'l N. America $ 173.75
+(w) Lloyds Int'l Pacific SF 188.20
+(w) Lloyds Int'L Smaller Cos $ 17.87
MAN INTERNATIONAL FUTURES
(m) Alabal Mint Gtd Fund.Ltd. $ 117.53
(m) Mint Limited - Ordinary $ 49.02
(m) Mint Limited - Income $ 17.58
(m) Mint Gtd Ltd - Spec Issue $ 24.02
(m) Mint Gtd Ltd - Series A $ 26.17
(m) Mint Gtd Ltd - Nov 1992 $ 22.88
(m) Mint Gtd Ltd - Jan 1994 $ 18.44
(m) Mint Gtd Ltd - Dec 1994 $ 14.08
(m) Mint Gtd Ltd - Aug 1995 $ 13.02
(m) Fbme Mint Gtd Plc $ 136.52
(m) Mint Sp Res Ltd (BNP) $ 121.84
(m) Newcastle Guaranteed Ltd $ 13.03
MAGNUM FUTURES FUND LTD.
(m) Deutschemark Class DM 20.25
(m) Sterling Class £ 4.14
(m) U.S Dollar Class $ 9.13
MERRILL LYNCH
(d) Dollar Assets Portfolio $ 1.00
(d) Iberia portfolio $ 11.89
(d) Multi-Curr. Bond Portfolio $ 14.82
(d) U.S.A Income Portfolio $ 9.07
(d) US Federal Securities $ 9.41
(d) World Nat Res Pfl. Share A $ 11.25
(d) World Nat Res Pfl. Share B $ 17.20
GLOBAL CURRENCY PORTFOLIOS
(d) Australian Dollar Pfl. $ 11.12
(d) Canadian Dollar Pfl. C$ 9.93
(d) Deutschmark Portfolio DM 9.74
(d) Pound Sterling Portfolion £ 18.16
(d) US Dollar Portfolion $ 18.81
(d) Yen Portfolio Y 981.00
M. LYNCH MLT.NAT'L INV PFL-EQ
GLOBAL EQUITY PORTFOLIO
(d) Class A $ 18.68
(d) Class B $ 18.53
CONVERTIBLE SECURITIES PTFL.
(d) Class A $ 11.28
(d) Class B $ 11.27
BASIC VALUE PORTFOLIO
(d) Class A $ 10.17
(d) Class B $ 10.15
MIM BRITANNIA,POB 271,St.Helier,Jersey
(d) Amer. Inc. & Growth $ 1.391
(d) Asia Super Growth Fund $ 14.15
(d) Dollar Man.Curr $ 14.58
(d) Dollar Man. Port $ 2.317*
(d) Gold & Prec. Metals $ 1.002
(d) Gtd. N.W. 1994 $ 7.80
(d) Int.High Income $ 2.398
(d) Japan Dollar Perf. Fd $ 3.855
(d) Jersey Gilt £ 0.1646*
(d) Nippon Warrant Fund $ 20.50
(d) Okasan Global Strat $ 18.00
(d) Pioneer Markets £ 3.123*
(d) Sterling Man.Port £ 1.821*
(d) Sterling Man. Curr. £ 17.15*
(d) U.K. Growth £ 1.008
NIMARBEN
(w) Class A $ 172.83
NMB BANK,PO 1800,1000 BV Amsterdam.
(w) The Brazil Fund $ 1.38707
(w) NMB Dutch Fund FL 41.30
(d) NMB Real Estate Fund. FL 28.30
(d) NMB Euremix Fund LF 2.065
NOMURA INVEST BANKING (M.E) E.C.
(d) Nomura Gulf Fund $ 9.92
NOMURA INTL. (HONG KONG) LTD.
(d) Nomura Jakarta Fund $ 11.63
OBLIFLEX LIMITED
(w) Multicurrency $ 21.43
(w) Dollar Medium Term $ 14.83
(w) Dollar Long Term $ 15.12
(w) Japanese Yen Y 23.40
(w) Pound Sterling £ 15.28
(w) Deutsche Mark DM 12.34
(w) Dutch Florin FL 12.60
(w) Dutch Florin Multi. FL 10.01
(w) HY Euro. Currencies ECU 18.15
(w) HY Euro.Curr.Divi.Pay. ECU 10.16
(w) Swiss Franc SF 10.27
(w) Swiss Franc Divi. paying SF 10.45
(w) US Dollar Short Term. $ 10.17
(w) Swiss Multicurrency SF 11.38
(w) European Currency ECU 13.89
(w) Convertibles $ 11.42
(w) French Franc FF 102.64
(w) Swiss Multi-dividend SF 8.96
OLYMPIA Capital Intl.BVI
c/o OCM, 17 ave. George V, 75008 Paris
Tel.: 33-1-47236374
(w) Finsbury Group $ 129.36
(w) Winchester Capital $ 100.92
(w) Winchester Frontier $ 210.75
(w) Winch.Hold.-Intl.SerD ECU 1,184.73
(w) Winch.Hold.-Intl.SerF ECU 1,168.37
(w) Winchester Hold.-US$ $ 15.67
(w) Winch.Reser.Multi.Gvbd $ 12.21
(m) Winch.Fut.Divers. $ 16.09
(m) Winch.Fut.Orion $ 18.30
PARIBAS-GROUP
(d) Belux Fund LF 11,369.00
(d) Cortexa International $ 128.81
(d) Ecupar ECU 1,379.44
(d) Luxor $ 8.34
(d) Moneyflow LF 18,149.00
(d) Parinter Fund $ 233.54
(d) Par US Treas. Bond 'CL B' $ 134.36
(d) Europhenix ECU 189.61
(d) Parinter Bond Fund $ 13.35
(d) Paribas-Rente 'A' LF 1,193.00
(d) Paribas-Rente 'B' LF 1,378.00
(d) Parvest Obli-Franc 'A' $ 1,303.06
(d) Parvest Obli-Franc 'B' $ 1,303.06

(w) Parvest Obli-DM 'A' DM 1,165.23
(w) Parvest Obli-DM 'B' DM 1,300.45
(w) Obligestion SF 84.14
(w) Parvest Obli-Dollar 'A' $ 1,125.56
(w) Parvest Obli-Dollar 'B' $ 1,319.49
(w) Parvest Obli-Yen 'A' Y 108126.00
(w) Parvest Obli-Yen 'B' Y 115812.00
(w) Parvest Obli-Gulden 'A' FL 954.75
(w) Parvest Obli-Gulden 'B' FL 1,097.00
(w) Parsuisse SF 1,513.37
(w) Partopaz Y 3,052.00
PERMAL GROUP
(m) Drakkar Growth $ 1902.22
(m) EuroMir (ECU) Ltd. ECU 1051.46
(m) Media Ltd. $ 782.09
(m) Noscal Ltd $ 1435.79
(m) Special Opportunities Ltd $ 1709.52
(m) Uptyka Ltd $ 332.00
(m) Value N.V. $ 1908.21
PIERSON,HELDRING & PIERSON N.V.
Rokin 55, 1012kk. Amsterdam (20-5211188)
(w) Asia Pac. Growth Fd N.V. $ 33.62
(w) Asian Selection Fd. N.V. FL 48.56
(w) DP Amer. Growth Fd N.V. $ 25.97
(w) Europe Growth Fund N.V. FL 63.29
(w) Japan Diversified Fund $ 47.07
(w) Leveraged Cap Hold $ 354.72
(w) Tokyo Pac. Hold. N.V. $ 241.92
PIONEER GROUP
(d) Pioneer Fund $ 22.89
(d) Pioneer II $ 18.83
PUTNAM
(d) Emerging Hlth Sc. Trust $ 19.15
(w) Putnam Em. Info. Sc. Tr $ 15.67
(d) Putnam Glob. High Growth $ 13.62
(d) Putnam High Inc. GNMA Fd $ 9.85
(d) Putnam Int'l Fund $ 12.34
ROBECO GROUP
POB 973, Rotterdam (10-4650711)
(d) Robeco FL 98.00
(d) Rolinco FL 97.40
(d) Rorento FL 58.60
(d) Rodamco FL 79.80
ROTHSCHILD AST.MGT.
(w) Tokyo Pac. Hold. (Sea) $ 163.40
ROYAL B. CANADA,POB 246,GUERNSEY
+(w) RBC British Fund Ltd. £ 5.163
+(w) RBC Canadian Fund Ltd C$ 13.33
+(w) RBC European Fund $ 14.08
+(w) RBC Far East&Pacific Fd $ 44.58*
+(w) RBC Int'l Capital Fd $ 60.87*
+(w) RBC Int'l Bond Fund Ltd. $ 12.68
+(d) RBC Man.Currency Fd $ 37.54
+(w) RBC North Amer. Fd $ 15.30
ROYAL TRUST ASSETMIX FUND
Lux.Tel:(352)489061
EQUITY FUNDS
(d) Alpha UK £ 1.21
(d) Alpha US$ $ 1.48
(d) Alpha Worldwide SF 4.84
(d) Alpha Japanese Y 988.00
(d) Alpha Pacific Rim $ 1.40
(d) Alpha European ECU 1.29
(d) Gold Share $ 1.07
BOND FUNDS
(d) Sterling Pound £ 184.34
(d) US$ Bond US$ 107.97
(d) Deutschmark Bond DM 47.94
(d) Alpha Worldwide SF 51.17
RESERVE FUNDS
(d) Sterling Reserve £ 72.147
(d) US$ Reserve $ 11.171
(d) Deutschmark Reserve DM 30.854
SHEARSON LEHMAN HUTTON
(d) Oporto Growth Fund $ 8.75
SKANDIFOND
SKANDINAVISKA ENSKILDA BANKEN
(w) Equity Intl Acc $ 12.98
(w) Equity Intl Inc $ 11.76
(w) Equity Global $ 1.28
(w) Equity Far East $ 1.99
(w) Equity Gold $ 0.87
(w) Equity Japan Y 134.00
(w) Equity Nordic $ 1.49
(d) Equity U.K. $ 1.08
(d) Equity Continental Europe $ 1.45
(d) Equity Mediterranean $ 1.27
(d) Equity North America $ 1.28
(d) Bond DEM DM 0.97
(w) Bond Intl Acc $ 8.43
(w) Bond Intl Inc $ 6.50
(d) Bond Sweden SEK 9.70
(d) Bond Dollar $ 1.00
(w) High Income Acc $ 1.15
(w) High Income Inc $ 0.96
(w) Multicurrency $ 1.22
SOCIETE GENERALE GROUP
(w) Sogelux Fund (SF)
(w) SF Bonds A U.S.A $ 11.92
(w) SF Bonds B Germany DM 22.51
(w) SF Bonds C France FF 88.46
(w) SF Bonds D Switz. SF 20.00
(w) SF Bonds E G.B. £ 8.21
(w) SF Bonds F Japan Y 1657.00
(w) SF Bonds G Europe ECU 12.15
(w) SF Bonds H World Wide $ 11.97
(w) SF Bonds J Belgium BF 579.88
(w) SF Eq. K North America $ 12.54
(w) SF Eq. L W. Europe ECU 13.21
(w) SF Eq. M Pacific Basin YEN 1654.00
(w) SF Eq. N France FF 70.80
(w) SF Eq P Growth Countries $ 13.32
(w) SF Equities Q Gold Mines $ 11.40
(w) SF Equities R World Wide $ 12.58
(w) SF Short Term S France FF 119.53
(w) SF Short Term T Eur. ECU 11.70
SODITIC ASSET MANAGEMENT INC.
(w) SAM Diversified Inc. $ 104.67
SVENSKA HANDELSBANKEN S.A.
146 bd de la Petrusse,L-2330 Luxembourg
(b) SHB Bond Fund $ 44.64
(w) Svenska Select.Fd Intl Sh. $ 55.01
(w) Svenska Select.Fd America Sh $ 12.71
(w) Svenska Select.Fd Asia Shares $ 8.87
(w) Svenska Select.Fd Germany DM 10.68
(d) Svenska Sel.Fd Intl Bd.Sh. $ 10.24
(d) Svenska Sel.Fd Nordic Shs $ 11.93
(d) Svenska Sel.Fd S/T Ass.Sh $ 10.36
SWISS BANK CORP. (ISSUE PRICES)
(d) AmericaValor SF 444.00
(d) AngloValor £ 188.24
(d) Asia Portfolio SF 612.49
(d) Convert Bond Selection SF 93.07
(d) Dollar Bond Selection $ 138.52
(d) D-Mark Bond Selection DM 104.69
(d) Ecu Bond Selection ECU 94.84
(d) Florin Bond Selection FL 109.30
(d) FranceValor FF 1972.83
(d) GermaniaValor DM 560.97

(d) Gold Portfolio SF 397.11
(d) ItalValor Lit 322225.00
(d) Japan Portfolio SF 327.25
(d) SBC US$ MMF $ 6053.00
(d) SBC 100 Index Fund SF 1129.00
(d) SBC Sfr Bond A/B SF 1614.25
(d) Sterling Bond Selection £ 100.14
(d) Swiss Foreign Bond Selec SF 98.19
(d) Swissvalor SF 385.75
(d) Universal Bond Select. SF 71.75
(d) UniversalFund SF 113.48
(d) Yen Bond Selection Y 11124.00
TEMPLETON W.WIDE INVESTMENTS
(d) GROWTH PORTFOLIO
(d) Class A-1 $ 10.47
(d) Class A-2 $ 10.47
(d) Class A-3 $ 10.47
(d) Class B-1 $ 10.40
(d) Class B-2 $ 10.61
(d) INCOME PORTFOLIO
(d) Class A $ 10.37
(d) Class B $ 10.30
THORNTON MANAGEMENT LTD.
(d) Thornton Int oppa.fund $ 2.06
(d) Pacific Invt. Fd. S.A. $ 11.02
(d) Pac.Invt. Fd. SA DM 30.91
(d) Pac.Invt. Wrnts Fd.S.A. DM 16.89
(d) Pac.Invt. Warrants Fd.S.A. £ 4.02
(d) Thornton Kangaroo Fd Ltd. $ 9.54
(d) Thornton European Fund $ 6.80
(d) Thornton HK & China $ 14.34
(d) Thornton Japan Fund Ltd $ 29.71
(d) Thornton Orient.Inc. Fd Ltd $ 22.25
(w) Thornton Phil. Redev. Fd $ 41.19
(d) Thornton Tiger Fund Ltd $ 33.11
(d) Thor.Pacific Tech.Fd Ltd $ 18.92
(d) Thor.Lift. Dragons Fd Ltd $ 26.19
(d) Thor.Golden Opport.Fd $ 5.43
(d) Eastern Crusader Fund $ 10.36
(w) The Global Access Fund $ 9.6
NEW TIGER SEL. FUND
(d) Thailand $ 18.67
(d) Malaysia $ 10.02
(d) Indonesia $ 10.83
T. Rowe Price Associates Inc.
(m) T. Rowe Price Frontier Ltd. $ 11.35
TYNDALL INT'L GUERNSEY LTD
Tel.0481 27963
(d) Amer Spec Sits $ 46.68
(d) Eurobond £ 28.49
(d) Mortgage C$ 13.85
(d) Overseas $ 28.74
(d) Tiger $ 45.24
(d) High Yield Bond £ 63.10
(d) Marunouchi $ 80.90
(d) Far Eastern £ 597.70
(d) Gilt £ 588.40
(d) Med Currency-Dollar $ 1.352
(d) Med Currency-Stlg £ 112.58
(d) 1992 £ 308.10
(d) Wall Street $ 232.40
(d) Hi Inc Gilt & Bulldog £ 94.20
UEBERSEEBANK, ZURICH
(d) B-FUND SF 931.78
(d) M-FUND SF 1058.57
(d) E-FUND SF 576.76
(d) J-FUND SF 383.83
(d) M-Distribution SF 97.47
(d) UBZ Euro-Income Fund SF 9.31
UNION BANK OF SWITZERLAND
(d) Amca American Shrs SF 38.50
(d) Bond-Invest SF 55.75
(d) Brit-Invest Shares SF 734.00
(d) D-Mark-Invest Bds DM 199.20
(d) Dollar-Invest Bds $ 111.00
(d) ESPAC Spanish sh SF 207.50
(d) Eurit SF 253.00
(d) Fonsa Swiss Sh. SF 216.00
(d) Francit Shares SF 255.00
(d) Germac Shares. SF 256.00
(d) Globinvest Shares. SF 109.00
(d) Gold Invest Shares. SF 226.50
(d) Holland-Invest Sh. SF 239.00
(d) Itac Shares SF 237.50
(d) Japan-Invest Sh. SF 1306.00
(d) Sima (stock price) SF 227.00
(d) Skandinavien-Invest SF 284.00
(d) UBS Money Mkt Inv. $ 1044.49
(d) Yen-Invest Bonds. YEN 83865.00
UNION INVESTMENT Frankfurt
(d) Unirenta DM 35.80
(d) Unifonds DM 29.30
(d) Unirak DM 81.50
(d) Unizins DM 105.65
THE UNIVERSAL GROUP OF FUNDS
(d) Univers Sav Amer C$ 9.94
(d) Univers Sav Equity C$ 11.18
(d) Univers Sav Global C$ 5.41
(d) Univers Sav Pacific C$ 9.30
(d) Univers Sav Nat. Res C$ 5.73

Other Funds

(b) Abacus Guart.Fd.Mar.'94' $ 9.67
(r) Actirobsance $ 517.61
(d) Actifinance Intl $ 1075.67
(w) Actigestion FF 1216.15
(w) Activest Intl $ 23.23
(d) Amvabel FL 74.00
(w) Aquila International Fund $ 287.34
(b) Ariane $ 3,811.24
(d) Asia Oceania Fund $ 10.30
(m) Associated Investors Inc. $ 737.53
(m) Atlantic Fond $ 88.03
(d) Atlas Fund SF 103.39
(r) Australia Fund $ 15.27
(w) BDD Inv Fund-Ecu Bd ECU 5129.86
(w) BEM International $ 3.35
(d) Berg Norden Sicav $ 158.51
(d) Berg Trust Sicav $ 187.59
(w) Berg Trust Sicav Switz. SF 156.34
(w) Bergen Int'l Fund. $ 11.49
(d) Bever Beleggingen++ $ 25.50
(m) Bonar Currency & Int. $ 87.20
(w) Bondselex-Issue Pr. SF 102.90
(m) J Casel guaranteed Fund $ 10.08
(w) CMI Investment Fund $ 1480.00
(d) Cash Gestion FF 10008.08
(d) CB German Index Fund DM 139.97
(m) Cleveland Offshore Fd. $ 28.34
(m) Centurion S.P $ 10.09
(w) Columbia Securities. FL 108.54
(m) Conmod. Gtd. Fund/USA $ 3.84
(d) Conversier Fund Ltd $ 90.31
(w) Convert. Fd. Int'l A Certs $ 17.32
(w) Convert. Fd. Int'l B Certs $ 57.45
(w) Cumber Intl N.V. $ 342.83
(w) Daiwa Japan Fund Y 8313.00
(w) D.G.C. $ 206.67
(d) D-mark-Baer Bond Fd DM 983.00
(d) Dollar-Baer Bond Fd $ 1115.00
(d) D. Witter Wld Wide Ivt Tst. $ 25.21
(d) Dreyfus America Fund $ 17.44
(d) Dreyfus Fund Int'l. $ 65.22
(w) Dreyfus Intercontinent $ 11.63

(m) Dunant Arbitrage Fd NV $ 830.62
(d) Emperor Fund Limited $ 72.78
(d) Eastcurrency (DOM) ECU 1.24
(w) Esprit Sicav ECU 1202.21
(d) Esprito Sto Inv M Stn Eur Fd. $ 12.36
(d) Europe Obligations ECU 73.51
(d) Europe 1992 $ 11.17
(d) Exclusive Advisors Fd Ltd $ 84.58
(m) Forum Fund $ 932.26
(w) Fairfield Int'l Ltd. $ 147.16
(w) Fairfield Strat. Ltd. $ 58.45
(w) First Eagle Fund $ 39,085.48
(m) First Frontier Funds $ 90.54
(w) F.I.T. Fund ff FF 112.12
(d) Fondifalia $ 88.02
(w) Fonselex Issue Pr. SF 176.25
(d) Forexfund Limited $ 9.29
(d) Formula Selection Fd. SF 68.30
(d) Frankf-Trust Effekten Fd DM 128.19
(d) Frankf-Trust Interzins DM 39.39
(w) George V INV. BOND F. $ 21.60
(m) German Sel. Associates DM 2381.92
(m) Green Line France FF 749.24
(w) Hausmann Hldgs. N.V. $ [illegible]
(m) Heslia Funds $ [illegible]
(w) Horizon Fund $ 1761.36
(w) Ibex Holdings Ltd. SF 174.89
(w) IFDC Japan Fund YEN 40251.80
(r) ILA-IGS $ 6.51
(r) ILA-IGS $ 7.97
(m) IncAmerica N.V. $ 14.67
(m) IncAsia N.V. $ 9.32
(w) Inpramat $ 11.84
(w) Interecu Fund 'A' ECU 1034.27
(w) Interecu Fund 'B' ECU 347.71
(m) Interface Fund Ltd. $ 147.12
(d) Interfund SA $ 46.98
(w) Intermarket Fund $ 428.47
(r) Int'l Securities Fund $ 27.84
(w) Intersec SA $ 4206.55
(d) Investa DWS DM 80.34
(d) Investmentor Fund $ 180.80
(m) Japan Selection Assets. Y 8,731.80
(w) Japan Pacific Fund $ 245.34
(w) Japan Res.Growth F. Yen 967.860
(w) Japan Selection Fund $ 228.86
(d) JJ Placement FF 11634.22
(w) Kenmar Intl - B $ 10070.80
(m) Key Hedge Fund Inc. $ [illegible]
(w) Kleinwort Bens. Jap. Fd. $ 238.76
(w) KML-II High Yield 18/05/90 $ 705.72
(w) Korea Growth Trust $ 36.37
(w) LACO International $ 7.86
(w) Leumi Val.Francaises FF 1037.24
(w) Liberty Offshore Fund $ 107.32
(d) Liquibaer $ 1863.82
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(m) London Portfolio G'td. II. $ 9.23
(w) Luxfund $ 112.40
(m) Lynx Sel.Holdings SF 132.07
(m) MCM International Limited $ 136.35
(w) Moore Global Invts. Ltd. $ 1,320.51
(w) ML Morgens Lv HI Yld.Inv.NV $ 9.87
(d) Mediolanum Sel. Fd. $ 45.61
(d) NCA FUND $ 12.31
(w) Nippon Fund $ 100.80
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(w) Optimum Fund $ 1,288.15
(m) Overlook Performance $ 1222.86
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(w) Pancurri Inc $ 159.83
(m) Paragon Fund Limited $ 9.48
(d) Preferred Capital Fund Lt. $ 85.68
(d) Pro Traders Judgement $ 94.13
(w) Prosp. I.H.Inc.P.F 11/05/90 $ 5.36
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(w) Tweedy,Browne n.v.Cl.B $ [illegible]
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(d) Unico Inv.Fund DM [illegible]
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(r) Uni Capital Fund $ [illegible]
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(m) Unitrad $US $ [illegible]
(d) Univers Bonds DM [illegible]
(w) Vanderbilt Assets $ [illegible]
(m) Victor Futures Fund $ [illegible]
(d) Victoria Holdings Limited $ [illegible]
(w) Willerbond Capital $ [illegible]
(d) World Fund S.A. $ [illegible]
(d) World Balanced Fund S.A. $ [illegible]
(w) Worldwide Securities $ [illegible]
(w) Worldwide Special $ [illegible]
(m) Zweig Int'l Ltd $ S/S [illegible]

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Ban Shuts Ivory Centers, Inspector Says

By Jane Perlez
New York Times Service

NAIROBI — Major ivory carving factories in Asia that produced jewelry, figurines and other tourist trinkets have virtually closed since a world ban on ivory trading came into force this year, says an expert in the trade.

The expert, Esmond Bradley-Martin, just completed a three-month inspection of the trade in elephant ivory and rhinoceros horn for the World Wide Fund for Nature. He said that in Beijing, 5 of 550 ivory carvers were still employed at the Beijing Ivory Carving Factory, which last year was the biggest in the world.

In Hong Kong, which is one of the largest sellers of ivory, 75 percent of the carvers are out of business, he said.

He estimated that sales of carved ivory in Hong Kong stores, which mostly are made to tourists, were down by at least half.

The ban on international trading in elephant ivory, agreed to by more than 90 countries in October, came into force in January.

Many African and Western governments, backed by international conservation groups, pushed for the ban as a way of preserving the African elephant.

It is estimated that in the last decade, rampant poaching in eastern and central Africa has reduced the elephant population to about 750,000 from about 1.3 million.

During that time the price of ivory soared.

An official of the African Wildlife Foundation, which along with the World Wide Fund for Nature lobbied heavily for the ban, said Mr. Bradley-Martin's findings showed that the ban was working.

"It's having a much greater effect in a shorter period of time than anyone expected," said the official, Mark Stanley Price, director of the African Wildlife Foundation office in Nairobi.

Mr. Bradley-Martin said the demand from tourists for ivory had not vanished.

"Europeans and Americans are still buying ivory," he said, "but small pieces."

These are easier to hide in pockets or luggage than the bigger items, he said.

The ivory ban is to be reviewed in two years; Mr. Bradley-Martin said there was hope in the carving industry that it would then be repealed.

In Beijing and Guangzhou, the ivory carvers are being asked to stay home but are being compensated with 75 percent of their salaries by the factories, he said.

At the Daxin factory in Guangzhou, the largest after Beijing's, only one worker remains of the 400 who were there in June last year.

Mr. Bradley-Martin said that in Japan, which is the largest consumer of ivory, the price of ivory tusks had risen because the country had agreed to abide by the international trade ban. About 100 tons of raw ivory was left in Japan at the time of the ban, about the amount that the country uses in one year.

But Mr. Bradley-Martin said that Japan, unlike other countries, did not have a history of receiving smuggled ivory and that it seemed unlikely that illegal African elephant ivory would find a market there.

In two African countries where poaching has been most severe, Kenya and Tanzania, the problem has declined since the ban. Increased efforts against poaching and a less certain market for new tusks since the ban seem to have curbed the slaughter, experts said.

But two months ago, Richard E. Leakey, director of Kenya's wildlife service, said 57 elephants had been killed in Tsavo National Park since January. He said 12 tons of tusks, many of them from recently killed animals, had been intercepted in Kenya and Tanzania.

He attributed this to Britain's decision to allow Hong Kong to sell a 670-ton stockpile of ivory, the biggest in the world.

"I don't think it is any coincidence," Mr. Leakey said, "particularly when the people arrested said under interrogation that the ivory would be sent to Hong Kong for sale."

But conservationists take heart from the poor prices that poachers are getting for ivory within Africa.

U.S. Draft Sees a Possibility Of Cancer Link to Electricity

New York Times Service

WASHINGTON — The Environmental Protection Agency has prepared a draft report saying there may be links between cancer and electromagnetic fields created by common electrical current, an official of the agency said.

The draft is based on a survey of existing scientific literature.

The official said that the draft would be reviewed by the agency's science advisory board.

The draft suggested that children may be particularly susceptible to harm from the radiation.

The agency has not issued a formal policy.

Some studies suggested that current alternating at 60 cycles per second, or 60 hertz, emits radiation that can cause biochemical changes, interfering with the functioning of genes and stimulating activity in biochemicals linked to the growth of cancer.

Researchers, however, have said it is premature to make a direct link between 60-hertz current and cancer in humans.

The question is of concern because such low-level radiation is pervasive. Distribution lines, home wiring circuits, computers, electric blankets and other appliances create 60-hertz fields.

The report appeared nearly a year after the Congressional Office of Technology Assessment issued a comprehensive background paper, which found "legitimate reasons for concern" but said it could not find "a basis for asserting that there is a significant risk" from the electromagnetic fields.

Dissident Editor Flees, China Newspaper Says

United Press International

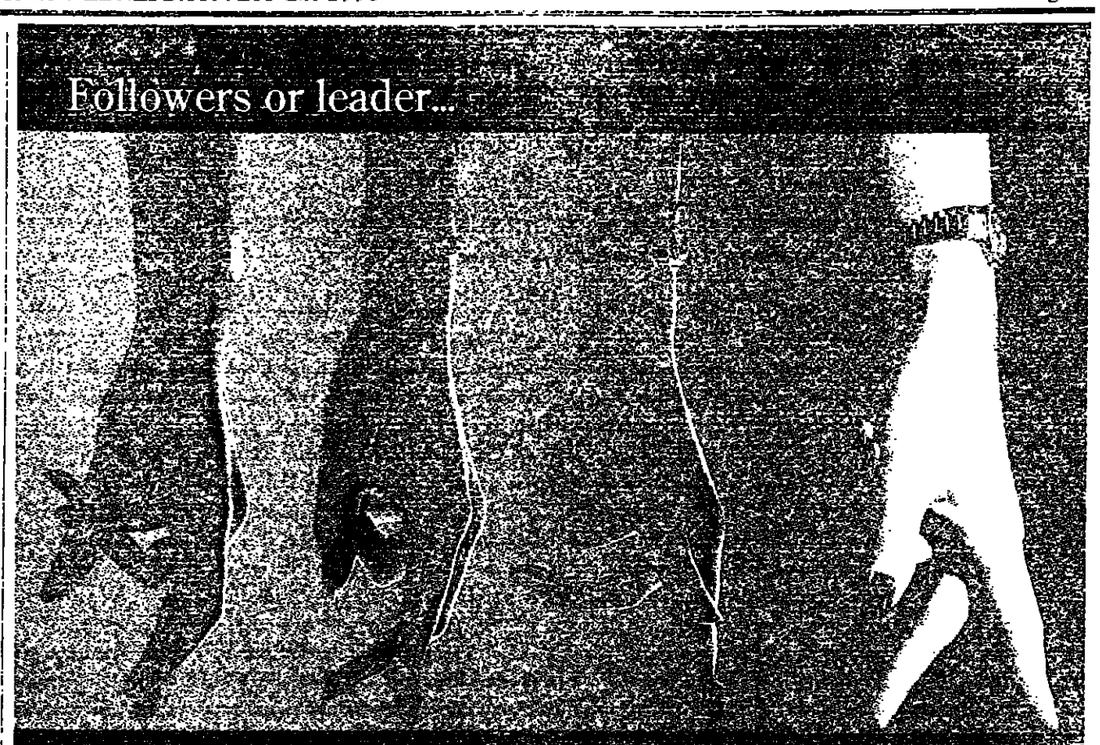
BEIJING — The editor of a South China newspaper who supported the 1989 student-led democracy movement has fled the country and been stripped of his party post, according to an official report that reached the capital Tuesday.

Cheng Kai, former editor and Communist Party secretary of the state-run Hainan Daily, "made severe political mistakes" and has been dismissed in absentia, according to the newspaper.



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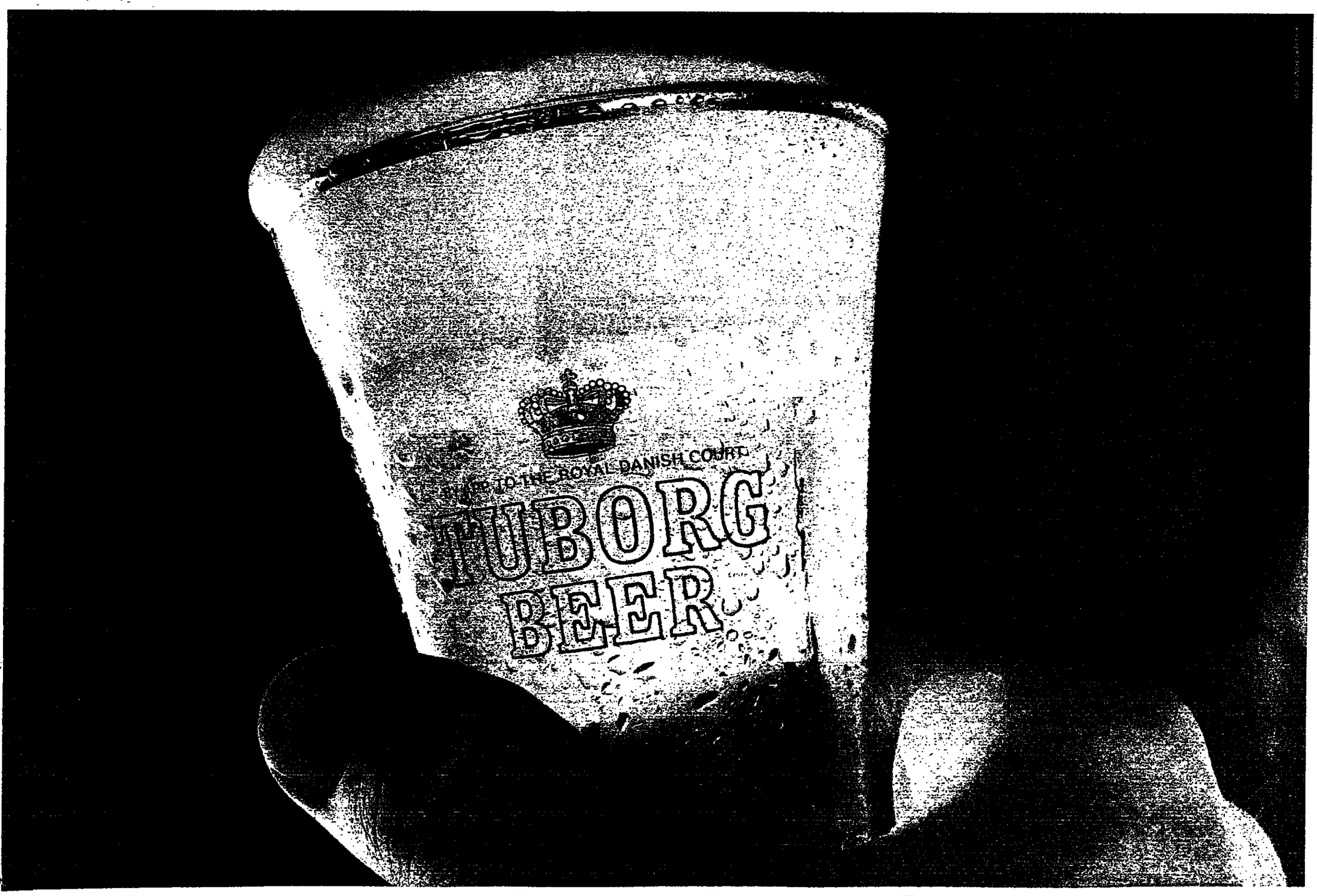
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Herald International Tribune.
Published With The New York Times and The Washington Post

Iliescu Victory: A Vote for Stability (and Fatalism)

By David Binder
New York Times Service

BUCHAREST — By voting for a party dominated by former Communists in national elections, Romania's voters made their nation unusual in the context of Eastern Europe, where recent free elections have ousted the Communist parties that ruled Poland, Hungary and East Germany for four decades.

President Ion Iliescu and his National Salvation Front, the group

NEWS ANALYSIS

that has run the country since Nicolae Ceausescu was deposed and executed in December, has won Romania's first free national elections in half a century.

[Partial and official Romanian election results on Tuesday confirmed an overwhelming victory for Mr. Iliescu, Reuters reported from Bucharest. The Hungarian Democratic Union of Romania, a party representing one of the biggest ethnic minorities in the country, was headed toward becoming the main opposition in a parliament dominated by the Front.

[With more than three-quarters of the votes counted, the results showed that Mr. Iliescu had more than 86 percent of the vote.

[The Front won a two-thirds majority in both houses of the parliament. The Hungarian National Union, with about 7 percent of the vote, was looking forward to 27 seats in the 387-seat Grand National Assembly and 8 in the 119-seat Senate.]

The 16 million Romanian electorate, which appeared to have turned out almost in its entirety, was aware that Mr. Iliescu and nearly all his aides in the Front had been Communists who worked for Mr. Ceausescu.



Adrian Popescu/Reuters
Ion Iliescu, the former Communist, whose group swept the voting.

The voters also were aware that thousands viewed the Front and Mr. Iliescu with suspicion, even hatred.

The electorate also knew that some foreign governments, particularly the Bush administration, were disdainful of the Front.

Foreign observers, including members of the U.S. Congress, gave a preliminary assessment that the elections were generally fair, which may help President George Bush change his recently frosty attitude toward Romania.

The vote came within 10 percentage points of the fraudulent 98 percent majorities that Mr. Ceausescu and his Communist predecessors had claimed in elections over the last 44 years.

Now, many experts of the Eastern European political scene say the fundamental question is what the Romanians are trying to say with their votes.

Judging from interviews with workers, farmers and intellectuals, it seemed that Mr. Iliescu acquired genuine popularity in his five months as interim president — partly by dint of a personality many find winning and partly because of popular measures he initiated.

"He means stability," said a film critic and a lifelong anti-Communist. "I almost voted for the National Liberals, the party of my father, but at the last minute I changed my mind."

The critic's mother, 90, also voted for the Front for the same reason.

For the workers and the farmers, most of them employees of Communist enterprises or agricultural cooperatives, the Front offers a prospect of gradual transition to a market economy that will safeguard their jobs and wages.

The main opposition forces, the Peasants Party and the National Liberal Party, offered an alternative — swift moves toward a free-market economy and privatization of land and industry — that apparently frightened away millions of voters.

The poor showings of these parties suggest that prewar parties have no real future in Romanian politics.

And the early returns show that two new parties, the Hungarian Democratic Union and the Ecologists Party, did as well or better than the traditional parties.

The Hungarian Democratic Union represents Romania's native Hungarian minority of more than 2 million, most of them living in the northwestern region of Transylvania.

During his campaign, Mr. Iliescu vowed to lead Romania into the 12-nation European Community, fulfilling the desire of nearly every Romanian to have the country accepted as a Western nation.

"We will become a Social-Democratic country," said a Foreign Ministry press official, Constantin Girbea.

The assessment may be stretching things a lot. While the Communist Party was dissolved in the December revolution, the internal structure of the party remained intact in Romanian cities, towns and villages. And the party has been incorporated into the Front.

But social democracy seems to be Mr. Iliescu's goal — a Romania that remains left of center.

There was another dimension to Sunday's election, which ended six hours after the polls were supposed to close. An essay this week in a new Bucharest newspaper, Azuzi, captured an aspect of Romania's character in its title: "The Miorific fatalism."

The title is a reference to the Miorita — a centuries-old tale of a young shepherd who is warned by a lamb that other jealous shepherds intend to kill him. Instead of trying to escape, the young shepherd calmly accepts his fate.

Fatalism is a strong Romanian trait, and the electorate seems to have agreed that its destiny should lie in the hands of Mr. Iliescu.

Bonn Says Treaty Delay Could Lead to Unrest

The Associated Press

BONN — The West German finance minister, Theodor Waigel, rejected on Wednesday opposition leaders' demands for changes in the new economic treaty with East Germany and warned that delaying unification could lead to unrest among East Germans.

Speaking in the upper house of parliament, the Bundesrat, as it began examining the treaty, Mr. Waigel appealed to the opposition Social Democrats not to try to delay the July 2 target date on which the Germanys are to be merged into one economic entity.

Hans-Jochen Vogel, the Social Democrats' national chairman, said Monday that his party wanted to negotiate with Chancellor Helmut Kohl's government over improving the treaty terms for East Germans.

The Social Democrats favor the economic merger, but maintain the treaty as written is unfair to East Germans.

Mr. Waigel told the Bundesrat that rejection of the treaty could result in worsened social and economic conditions in East Germany.

The Social Democrats' position could spell trouble for the economic merger treaty, which was signed Friday at a ceremony in Bonn.

The treaty must still be approved by the parliaments of both countries. The Social Democrats recently won control of the Bundesrat by defeating Mr. Kohl's Christian Democrats in two key state elections.

The upper house is expected to vote on the treaty June 22. The lower house, or Bundestag, is scheduled to vote on June 21.

Volker Rühe, the Christian Democrats' secretary-general, accused the Social Democrats of displaying an "alarming amount of irresponsibility."

He appealed to them "not to let in a dangerous risk for the future of all Germans and not to reject the state treaty" on economic merger.

Mr. Vogel said the Social Democrats could not accept the proposed treaty in its present form because it fell short in helping create "modern and qualified jobs" for East Germans and guarding against the collapse of East German businesses.

He said the Social Democrats were demanding "changes or amendments either within or outside the treaty text."

That left open the possibility the treaty could be approved as is, with additions to be worked out later.

Under the merger treaty, the West German Deutsche mark would become East Germany's legal tender as of July 2. East Germany would also start scrapping its centrally planned economy for one that mirrors West Germany's.

Thousands of East Germans are already worried they could be hit hard by their nation's economic overhaul. Many East German state-run factories are expected to shut down when they are forced to compete in a free market, and hundreds of thousands of workers are likely to lose their jobs.

East Germany Opens Its Door to Soviet Jews

Reuters

AHRENSFELDE, East Germany — Without fanfare, East Germany has opened its doors to Soviet Jews in a further move underscoring its eagerness to atone for the Holocaust and to improve ties with Israel.

In the last two weeks, 61 Soviet Jews have arrived at this well-appointed and well-hidden reception camp on the northeastern outskirts of Berlin. Almost all want to stay.

"We've left everything behind," said a woman from the Ukraine. Rampant anti-Semitism in Kiev had forced them to leave, she said.

None of the Soviet Jews "need fear they will be sent back," an East Berlin city hall official, Anetta Kahane, said Tuesday.

Their numbers are tiny compared with the 33,500 Soviet Jews who arrived in Israel in the first four months of this year. But the significance of Jews returning to Germany is not lost on anyone.

"The feeling of guilt is enormous," Miss Kahane said, "and there is a great desire to show the world that Jews can be treated well by Germans."

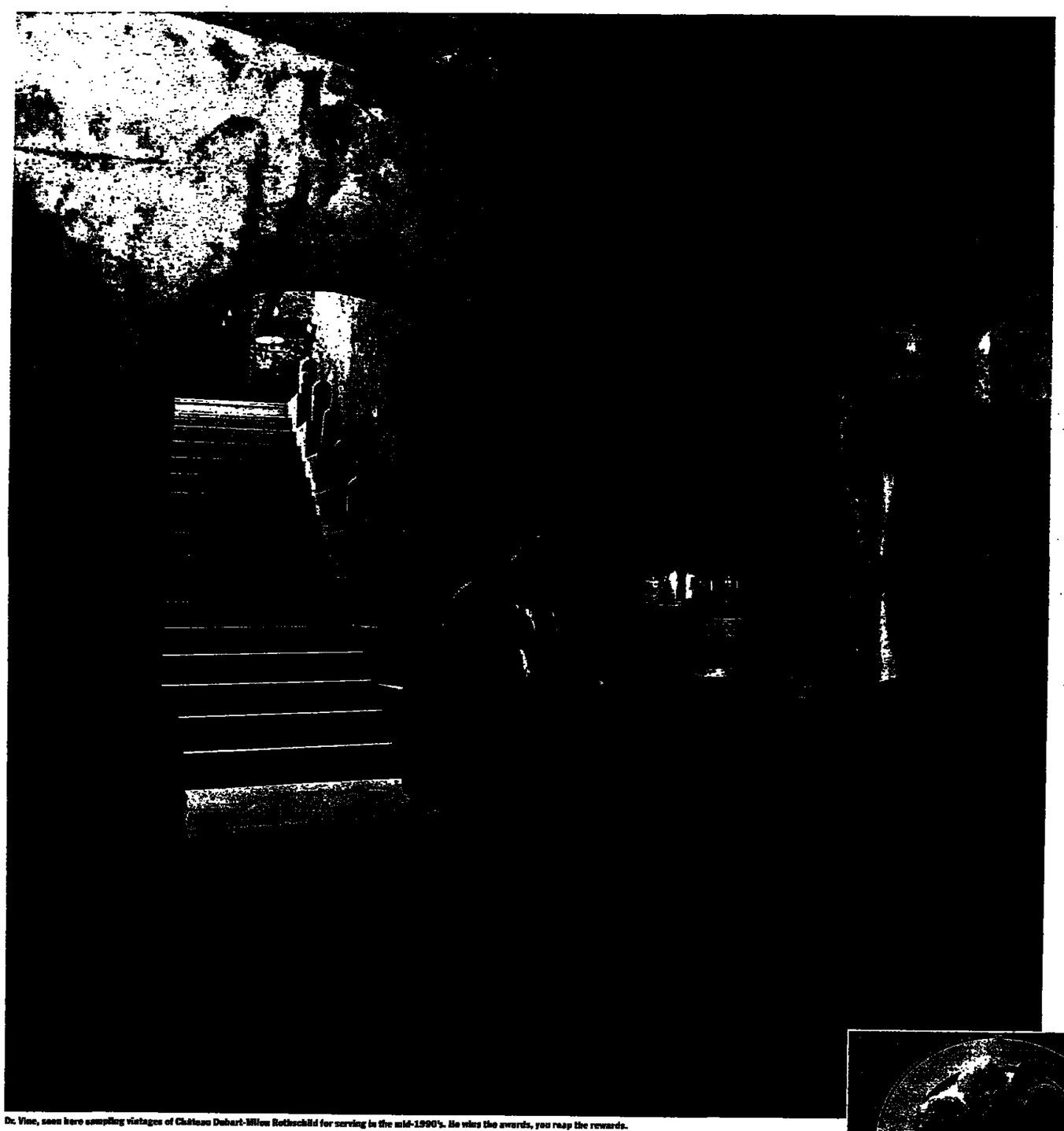
Since Prime Minister Lothar de Maizière and his Christian Democrats came to power in March, East Germany has acknowledged responsibility for the Nazi slaughter of 6 million Jews during World War II. It has also promised symbolic reparations and sought the extradition from Syria of Alois Brunner on charges of being a war criminal.

It wants to establish diplomatic relations with Israel this year.

The initiative to allow Soviet Jews to settle was initiated by the East German Jewish Cultural Society and was readily taken up by the new government, although a formal ruling has yet to be approved by the cabinet.

East Germany's Jewish community of 500 has set up a special office in East Berlin to process applications and ensure that those seeking asylum are actually Jewish.

The Soviet Jews are coming to East Germany primarily because they would rather not go to Israel and because other avenues, such as the United States, have been closed.



Dr. Vine, seen here sampling vintages of Château Duhart-Milon Rothschild for serving in the mid-1990's. He wins the awards, you reap the rewards.

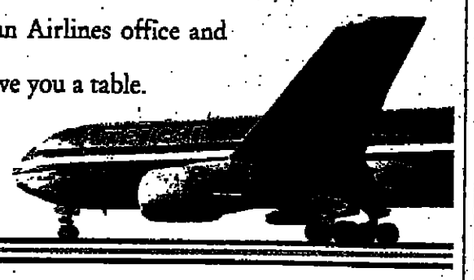


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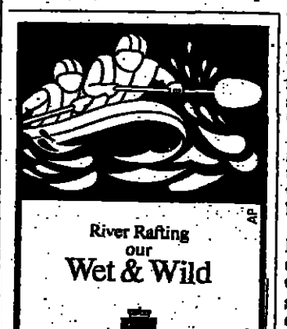
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As Soviet Central Asia Children Die, There's 'No Hope, to Be Honest'

By David Remnick
Washington Post Service

ASHKHABAD, U.S.S.R. — In the mud-brick shacks on the outskirts of this Central Asian city, capital of the Turkmen Republic, children are the first casualties of poverty.

Every year, thousands of infants in Turkmenistan and the rest of Soviet Central Asia die within 12 months of birth. Countless others suffer more slowly, weakened by the heat and infected water, the defoliants in the cotton fields, a diet built on bread, tea and soup.

"I consider myself fairly lucky," said Elshe Abayeva, a woman of 31 who looks 50. "I've given birth five times, and only one child died."

Some of her children played on a hillock of mud and garbage as she cut grass with a blunt scythe. Farther up the road, Mrs. Abayeva's neighbors, the Karadiyevs, are not so lucky. "Five children are alive and three died — two at birth and one after a month," the father said. "In Turkmenia, it's like this all the time. Worse in the villages."

Inside the Abayevs' two-room hut, the bare bulbs are furred with dust, and flies buzz around the children's faces. The children are filthy, and their clothes are frayed. Only heavy stones keep the tin roof from blowing off the outhouse and the rusted chicken coop.

Aba Abayev, Elshe's husband, earns 170 rubles a month as a technician for state television — less than six rubles a day to support a family of six. The Abayevs have been waiting since 1975 to get a decent apartment.

"When that child was born, it was a cold winter morning," Mr. Abayev said. "No one has phones here, and there are no hospitals or doctors around. I ran two or three kilometers to the pay phone and called. It looked like the baby was dying — or was dead already maybe — and it took the doctors more than an hour to get here. By then, the child was dead.

"This is the way our lives go out here. I have no hope, to be honest. And for my children, I don't think things will change, unless they get worse somehow."

In Turkmenistan, the official infant mortality rate was 54.2 per thousand births in 1989, the highest in the Soviet Union and 10 times that of most West European countries. Internationally, Turkmenistan is about equal with Cameroon.

In especially poor regions like Tashauz, the rate soars almost beyond imagining, reaching 111 deaths out of every 1,000 births. Some Soviet and Western experts say the Central Asian republics underreport their infant mortality rates by as much as 60 percent.

Foreign and Soviet tourists come to Turkmenistan for the exotica, to escape the concrete landscapes of Moscow for the outdoor bazaar in the Karakum Desert where traders deal in kaleidoscopic carpets, antique silver bangles and wine-and-gold velvet dresses.

But that exotica does little to deflect attention from the poverty: village hospitals without running water, exploitation of child labor, malnutrition, inbreeding and ecological catastrophe.

Children here are likely to get sick for any number of reasons. Working in the cotton fields, they often drink from irrigation sources that are poisoned with pesticides and harmful minerals. Even going to the doctor is a danger. In their first year of life, Turkmenian children are given an average of 200 to 400 injections, compared to three or four for American children.

"The doctors are inept and throw everything they have in the medicine cabinet at these poor kids," said Murray Feshbach, an expert in Soviet health care at Georgetown University, "and within a few years the effect of the vaccines and so on is down to zero. The chance of terrible infectious disease multiplies out of sight."

"Given the shortage of disposable syringes," he added, "the chance for AIDS and hepatitis is almost too terrible to think about."

Everything that has gone wrong with the Soviet system over the decades — the centralization of authority, the vacuum of responsibility and incentive, the triumph of ideology over sense — is magnified in Central Asia.

Here the system is often described as "feudal socialism," a Soviet-Asiatic hierarchy led by Communist Party bosses and collective farm chairmen. Ironically, Moscow's moves toward decentralization have only given those regional, and extremely conservative, bosses more authority.

"We had always been brought up to believe that our system was the best, that our lives were the best, and now we find just the opposite," said Yuri Kirichenko, a pediatrician at the Institute of Health Care for Mothers and Children in Ashkhabad and a Communist Party member for 25 years.

"This is not Africa — children are not starving to death in the same blatant way — but there is no way to hide it anymore: We are poor and we are suffering."

Outside Dr. Kirichenko's door, dozens of women, many of them pregnant, pace the hall and wait hours for treatment for themselves and their children. Some of the pregnant women are in their late 40s, mothers of 12 or 13 children.

Some of the region's cultural traditions do little to ease the infant mortality crisis. Because of the tribal legacy here, there is a high rate of inbreeding. Many Turkmenian men scorn birth control. They believe more children will bring greater wealth — "more hands, more rubles" — but the opposite is true.

"Of course, we need to educate people on birth control and all the rest," Dr. Kirichenko said. "But as a party member, and it hurts me to say this, the truth is that poverty here is tied to politics. Ninety percent of the blame lies with the system, the bureaucracy, the command system, the centralization of control. There is no escaping that."

Ak-Mukhamed Velsapar, a young writer and one of Turkmenistan's handful of dissident voices, grew up near the town of Mary, east of Ashkhabad. He was one of eight children. He never knew, until years later when he visited the relative wealth of Moscow, that he had been raised in poverty.

"And that is the mind-set of nearly all Turkmenians: 'We have bread, we have tea, we have a roof, we are alive — therefore, we are not poor,'" he said. "These people have no basis for comparison. There are 73 newspapers in the republic, and not one of them has any degree of freedom."

While in his 20s, Mr. Velsapar and his young family lived in a mud-brick hut on the outskirts of Ashkhabad, not far from the Abayev family. The district is called Nakhal-stroi, a semilegal slum where people build their own huts because there are no apartments left in the city center.

Now Mr. Velsapar lives in what passes for middle-class comfort: a crumbling concrete apartment house that seems as unsteady as it is ugly. Ashkhabad is an earthquake zone. In 1948, an earthquake killed 110,000 people, about two-thirds of the city's population.

"That is yet another of our problems now," Mr. Velsapar said. "The earthquake wiped out practically the entire Turkmenian intelligentsia. We lost whatever roots of free thought we might have had."

Along with a few hundred other writers, journalists and workers in Ashkhabad, Mr. Velsapar last year launched Ogzibirlik, a democratic group with two principal aims: to bring openness to Turkmenistan and to encourage radical economic changes to end what one leader calls "the cycle of poverty and the colonization of our resources."

Members of Ogzibirlik have met with popular front leaders in the Baltic republics for crash courses on developing a mass movement.

The activists lay the blame for the ruin of Central Asia on the demand decades ago that the republics turn most of their farmland into cotton fields. The cotton monoculture, directed by economic planners in Moscow and Central Asian overlords, has contributed among other things to the tragic rate of infant mortality and the drying up of the Aral Sea.

Ogzibirlik has struggled without immediate success to challenge the republic's powerful Communist Party leader, Saparmurad Niyazov, and the rest of what it calls the "local party mafia."

But Mr. Velsapar did succeed in stirring up the party leadership last month by publishing a short article and a tiny photograph in the liberal weekly Moscow News. "It is hard to believe," the piece begins, "but the majority of Turkmenian children in our time are permanently undernourished."

For local authorities, the article was a humiliation. Not so much because it exposed the problem of infant mortality — there have been some articles in local papers — but because it appeared outside Turkmenistan in a paper read by the country's liberal intelligentsia.

What stepped up the furor was the photograph of an emaciated 2-year-old child named Guichgeldi Saitmuradov. The image is hellish, like something out of the worst Ethiopian famines: hollow, desperate eyes, a skeleton barely alive.

Several people corroborated the boy's fate: After repeated trips to a hospital in Tashauz, near his parents' collective farm in northern Turkmenistan, the boy died in 1988.

Before this, Khummet Annayev, a physician and senior researcher at the Institute for the Health of Mothers and Children, had made a research trip to the region, one of the poorest parts of the republic.

He reported dire shortages of meat, butter, chicken and other foods, as well as the abuse of pesticides and defoliants, and miserable medical care.

When he saw the child in a clinic, he asked someone to take the photograph that would eventually be published in Moscow News.

Inevitably, the higher the official, the greater the denial. "An aberration," said the republic's deputy health minister, Dmitri Tessler, who pronounced Mr. Velsapar an "adventurer" and Dr. Annayev "out of his depth."

But doctors who work every day with Turkmenian women and children see it another way. Dr. Kirichenko says he regrets the storm the article created, but found it "generally accurate."

The government has increased its attention to the infant mortality program to some degree, providing some food products free for children under the age of two. But the Turkmenian leadership means to control the debate on infant mortality and poverty.

Several Ogzibirlik leaders say they have been blacklisted, unable to publish their books. Last year, the director Yuri Karagezov made a film about child malnutrition and the use of defoliants in the fields. It was called "Diagnosis," and a local doctor said the footage of childhood suffering "looked like Leningrad during the Nazi blockade. It made my hair stand on end. I couldn't sleep for nights."

The Turkmenian authorities banned "Diagnosis" and seized the only copy.

The Vast Landscape Of Want

Poverty in the U.S.S.R.
Third of a series

The 2 Yemens Unite in Strategic Red Sea Republic

Compiled by Our Staff From Dispatches

ADEN, South Yemen — North Yemen and South Yemen merged on Tuesday forming a republic dominating the entrance to the Red Sea.

Ali Abdullah Saleh, the North Yemeni president, proclaimed unification in Aden after both parliaments elected him president of a new nation of 11 million people the size of France in the southwestern corner of the Arabian Peninsula.

Aden, the capital and primary port of the South, will be the republic's economic center; San'a, in the North, will be the political capital.

Only a group of Muslim fundamentalists in the North, objecting that the new constitution is not based entirely on Islamic law, have voiced opposition to the merger.

The new republic has oil reserves unofficially estimated at 2 billion barrels and borders the strait of Bab al-Mandab, at the outlet of the Red Sea into the Indian Ocean.

On Monday, pro-Western North Yemen approved merger with the communist South. Radio reports said North Yemen's 159-member parliament voted by "a sweeping majority."

The South Yemeni parliament also held a special session Monday to approve unification.

It is the century's second such union between Arab nations. In the 1950s, Egypt and Syria joined as the United Arab Republic, but the merger collapsed after three years because of internal squabbling.

South Yemen was the Arab world's only avowedly Marxist state after it gained independence from Britain in 1970. But it began to change as democratic currents swept through the Soviet Union and Eastern Europe.

The merger has been actively supported by the oil nations of the Arabian Peninsula like Saudi Arabia, which wants to snuff out Soviet influence.

Scores of Cuban and East German military experts are said to have left Aden in recent months. A friendship pact entitles the Soviet Union to maintain as many as 18,000 troops in Aden, but the extent of their deployment is unknown.

The merger was originally planned for Nov. 30, but there had been pressure to accelerate the schedule so that the two Yemens could attend the meeting of Arab countries in Baghdad as one nation.

The new republic's flag is similar to the black, white and red flag of North Yemen, but without stars.

A planned transition period of two and a half years coincides with the remainder of five-year terms for both legislatures. Colonel Saleh is to head a five-member presidential council that will oversee the transition period.

In ceremonies announcing the creation of the republic, he said, "The new state has removed forever the imaginary borderlines created during partition and is now embarking on a new era."

In his first act after taking the presidential oath, he hoisted the republic's new flag in Aden.

North Yemen, the more populous of the two states with a population of 8.6 million, is a society largely dominated by tribe and religion.

The Marxist rulers of the larger south have in contrast promoted a secular culture since they won independence from Britain.

Yemeni embassies around the world, for years representing governments that were bitterly at odds — and fought a brief war in 1972 — on Tuesday raised the new flag simultaneously.

Three Muslim fundamentalist deputies walked out and five abstained when the North's parliament overwhelmingly voted to ratify the merger on Monday. Outside parliament, 1,000 fundamentalists protested.

Balancing the new president from the North, the two parliaments on Tuesday named Ali Salem Beidh, secretary-general of the South's governing Socialist Party, as vice president.

The parliaments named Salem Saleh Mohammed of the South and Abdel-Karim Arshi and Abdel-Aziz Abdulghani of the North to join Colonel Saleh and Mr. Beidh on the presidential council.

National elections are to be held around the end of 1992. *(Reuters, AP)*

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U.S. Details Case Against Bush's Son

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush's son Neil voted as a board member of a Colorado thrift to approve $106 million in loans to a business associate who defaulted on the amount, federal regulators said Tuesday.

They testified that Neil M. Bush was a director of Silverado Banking, Savings and Loan Association of Denver when the thrift came up with a plan to cover up devastating losses and inflate its capital.

Stephen Hershkowitz, deputy director of enforcement for the Office of Thrift Supervision, revealed the amount of the loss after a House Banking Committee member pressed him to testify on Neil Bush's role in the collapse of Silverado in December 1988.

Mr. Bush, 34, is to testify Wednesday before the panel examining the collapse. He was a director of Silverado from 1985 to August 1988, resigning two weeks after his father received the Republican presidential nomination.

Silverado was taken over by government regulators in December after its collapse, four months after Mr. Bush left his directorship.

The collapse of Silverado, now operating as part of Columbia Savings, the largest thrift in Colorado, is expected to cost U.S. taxpayers as much as $1 billion.

Mr. Hershkowitz and other regulators testified Tuesday that Silverado made inflated loans to developers who had to reinvest part of the money in the thrift.

Neil Bush had oil and gas business deals with two of Silverado's major borrowers, the developers Kenneth Good and Bill Walters. Regulators have said that Silverado's loans to the two men constituted a conflict of interest for Mr. Bush, who did not disclose the relationship to the board. *(AP, UPI)*

DEFECT: *U.S. Repairs Nuclear Artillery in Europe*

(Continued from Page 1)

ing the government's initial reaction. "We did not foresee an imminent catastrophe. But when it comes to nuclear safety, we treat everything as potentially serious."

Preproduction computer calculations and a routine series of underground tests had indicated no safety problems, but a new safety analysis at Lawrence Livermore National Laboratory raised concerns that were confirmed by secret underground nuclear tests in December 1988 and February 1989, officials said.

Several officials said that an inadvertent explosion was particularly likely to produce a nuclear yield if it occurred while the shells were loaded inside the 8-inch howitzers from which they are launched, a circumstance that does not ordinarily arise in peacetime.

But a senior military official said, "For a while, we were also worried that these things might go off if they fell off the back of a truck and landed in a certain way."

The officials did not say how big an explosion one of the shells might have caused if it had detonated accidentally. When detonated deliberately, the weapons are expected to produce up to a 10 kiloton nuclear yield, approximately two-thirds of the force of the nuclear weapon exploded at Hiroshima during World War II.

A highly-placed foreign official said that after the confirming nuclear test, a small group in the West German government was told in a general way that "there was a chance of technical failure leading to an explosion" of the shells and that "some adjustments" to their design were needed.

Senior West German officials "were not informed explicitly" of the scenario in which a nuclear detonation might occur, the official said. "But I do not rule out that a more detailed briefing was given to specialists" within the German Defense Ministry, he added.

Officials said the information was kept otherwise secret to avoid panicking local citizens or calling into question the viability of the U.S. nuclear deterrent force in Europe, which also includes dozens of nuclear missiles, more than a thousand nuclear bombs and hundreds of older nuclear artillery shells.

After initially ordering that all of the warheads be immobilized inside their storage sites, the government dispatched teams of experts to Europe in early 1989 to install special "safing mechanisms" that would block any detonation of the W79 artillery shells, several officials said.

Some of the warheads have since been returned to the Pantex warhead production plant in Amarillo, Texas, so that the "safing mechanisms" can be disabled and additional steel plating installed inside the skin of the shells at particularly sensitive spots.

Mr. Watkins declined to comment on the W79 problem, except to say that "without any question, safety has been preserved."

The shells remain in special U.S. storage bunkers overseas and at the Seneca Army weapons depot in New York state.

But the Nuclear Weapons Council, a group of 3 senior Energy and Defense Department officials that decides nuclear warhead production matters, was sufficiently concerned about the W79 to decide early this year that its design would not be replicated in a slightly smaller artillery shell, the W82.

The decision forced at least a two-year suspension of W82 production, which was scheduled to begin in February. Several sources said it was partly at the urging of Congress, which voted secretly last year to block spending on the weapon until the Bush administration certified that it was safe.

President George Bush subsequently announced on May 3 that he wanted to halt the W82 deployment program in response to the declining military threat in Eastern Europe. A senior U.S. military official said that the design defects, which Mr. Bush did not mention, played no role in the decision.

Pope Calls Talks To Plan a Synod

The Associated Press

VATICAN CITY — Pope John Paul II has called a three-day meeting for next month to help prepare for a European gathering of bishops, the Vatican said Tuesday.

The Vatican said preparations would be made June 6-8 for next year's synod, which is aimed at spreading the church's message across the Continent. The Pope announced plans for the European synod, or meeting of bishops, when he visited Czechoslovakia late last month, his first trip to East Europe outside his native Poland. The Pope's visit to Prague sought to support the emerging democracies of East Europe, once dominated by Communism.

The announcement on Tuesday of the preparatory meeting said invitations were made to the heads of Europe's national bishops' conferences, bishops representing dioceses outside the conferences, Vatican officials and several Eastern Rite representatives.

Kremlin Embargo Cuts Hot Water in Lithuania

Reuters

MOSCOW — Lithuania said Tuesday that hot-water supplies to homes would be cut off starting Friday because of fuel shortages caused by the Kremlin's economic embargo.

Alexander Ambryazyaviskus, who serves on a government commission set up after Moscow imposed sanctions to break the Baltic republic's independence drive, said supplies to one part of Vilnius, the capital, had already been cut.

"The situation's getting worse from day to day," he said by telephone from Vilnius. "From Friday there will be no hot water in homes in towns throughout Lithuania."

But he added that hot water would still be supplied to hospitals and other essential buildings.

A parliamentary spokesman said that gasoline for public transport would be cut within two to three days, but that emergency services and the military would be exempt.

The Lithuanian government has consistently refused President Mikhail S. Gorbachev's demand that it rescind, or at least suspend, its March 11 declaration of independence as a condition for talks.

But the cuts in services forced on the republic by fuel shortages could make it hard for the rebel leadership to hold out in the absence of any outside, Western help.

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Netherlands	fl.	600	492	340
Norway (airmail)	N.Kr.	2,250	1,390	1,200
— **hand delivery	N.Kr.	2,700	940	1,480
Portugal	Esc.	31,000	30,980	17,000
Spain (mail)	Pes.	35,000	24,060	19,200
— ***hand delivery Barcelona, Bilbao, Seville	Pes.	38,000	22,060	20,900
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Sweden (airmail)	S.Kr.	2,200	1,440	1,210
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OPINION

A Way for Lithuania

The parliament in Vilnius is debating a momentous issue: whether to suspend its March 11 declaration of independence. By refusing to do so, Lithuanians might well spoil the upcoming summit meeting between Presidents George Bush and Mikhail Gorbachev. But that would not help achieve Lithuania's independence. It would only force Soviet leaders to get tougher and weaken Washington's positive influence.

As a practical matter, Lithuania cannot attain its legitimate national goal unless the West continues to build its new relationship with the Soviet Union. The parliament now has the opportunity to knit these two dynamics together along the following lines:

It can vote a moratorium on its declaration of independence — with qualifications. This would meet Moscow's demand, without invalidating Lithuania's right to statehood.

Vilnius also would have to carry out its pledge to suspend laws implementing independence, including those forbidding its citizens from serving in "foreign" armies. But in each matter, the operative word would be "suspend," permitting principle to be maintained on both sides.

Moscow will continue to insist that the talks be governed by the Soviet constitution. But it is a difficult and lengthy process. With suspension voted, the parliament would have strong grounds for urging the amending of this procedure in the case of a nation forcibly incorporated into the Soviet Union. Meantime, Moscow would have to suspend economic sanctions against Lithuania.

The parliament also can call on Western nations to ensure that the process proceeds without undue delay. Western leaders can use the moment to reaffirm their support for Lithuanian independence and their willingness to use their good offices with Moscow.

Mr. Gorbachev could not easily reject this approach. To do so would brand as insincere his promise to deal fairly with Baltic independence. It would put him in direct conflict with President François Mitterrand of France, Chancellor Helmut Kohl of West Germany and Prime Minister Margaret Thatcher of Britain, who have proposed a similar approach.

None of this will guarantee Lithuanian independence in a year or two. The bargaining will be hard because the issues are hard. They concern the rights of citizens who want continued union with Moscow, and their rights after independence. And they involve precedents for other Soviet republics.

Lithuanian leaders reportedly devised a new offer on Monday to break the deadlock with the Soviet Union. Although the contents of the new offer remain secret, Prime Minister Kazimiera Prunskiene of Lithuania said they touched on the declaration of independence. Touching on it will not be enough, as many Lithuanian leaders acknowledge privately. To break the Soviet economic knot that is strangling Lithuania and to start negotiations for actual independence, the Lithuanian parliament will have to show much more flexibility. To suspend the declaration is the shrewdest way to avoid suspending ultimate independence.

— THE NEW YORK TIMES.

Lesser Evil in Ethiopia

Mengistu Haile Mariam, Ethiopia's Marxist dictator, can live with the starvation of his countrymen, millions of whom have died in his 16-year time. But what he apparently cannot live with is the defeat of his army and a consequent loss of power. That is why he is now bargaining with the United States. He wants an upgrading of political relations, starting with the return of an ambassador to Washington. His duress has allowed Washington to pose its own requests, in the first instance for Ethiopia to let food shipments come into Massawa, the Red Sea port that Eritrean rebels hold but that Ethiopian guns encircle. No deal has yet been struck.

There is something deeply distasteful about dealing at all with someone as corrupt as President Mengistu — not to say with someone who appears to be as close to the edge. Rebels seeking independence in Eritrea and autonomy in Tigre have made major military gains, and the Mengistu army has taken some punishing losses. The regime's Soviet support is no longer open-ended, its Cuban advisers are long gone and its East German connection is broken. It would be a new benchmark of cynicism if Colonel Mengistu were now to bargain for his political survival by offering to help save the lives of people he had previously been prepared to let die. The temptation is strong to stand back and let events drag him down.

But with as many as 5 million Ethiopians estimated to be at risk of starvation and with the one lesser open port unable to bring in supplies on anything near the required scale, there is an overwhelming humanitarian case for Washington to hold its nose and do whatever is minimally necessary with the regime in order to save lives. There is also a compelling political case to use the relief crisis to end the war.

The proper role for outsiders is to help shift the struggle from the battlefield to the political realm. That means all outsiders. Arabs and Israelis are currently seeking position in Ethiopia for purposes of their own. The United States has a longtime interest in seeing the territorial integrity of Ethiopia maintained, and it tends to favor formation of a loose federation. But before the political map is drawn, a political process must begin. The effort by former President Jimmy Carter to start one is currently at rest but is available to be put back in gear. The American government is not without its own diplomatic resources. And if, as many suspect, a political settlement is beyond reach while Colonel Mengistu is in the picture, then there are millions of lives to be saved.

— THE WASHINGTON POST.

One Party in Romania

Romania's election, according to most of the foreign observers, was a good deal less than a model of fair and open competition. Certainly it was vastly better than any held under the Communists, or under the military dictatorship that preceded them or the royal dictatorship that preceded it. But there was more wrong than can be explained merely by inexperience with an honest ballot. In response, the world's democracies need to make it clear to the winners in Romania that an improvement in the quality of its political life will be the price of admission to the new Europe that is now rapidly taking shape.

The failures of the election process were less in the actual voting on Sunday than in the campaign leading up to it. While there was some tampering with ballot boxes, and perhaps some intimidation of voters, it seems not to have been systematic. The larger shortcomings involved misuse of the powers of incumbency, as one of the American observers put it.

Since the revolution last December that overthrew Nicolae Ceausescu, the country has been under an interim regime headed by Ion Iliescu and the National Salvation Front. Incomplete returns indicated that Mr. Iliescu and the NSF won on Sunday by very large margins. One reason is that the opposition parties labored under severe handicaps in making themselves known to the voters. The government gave them very little access to radio and television. While they were able to publish newspapers, they had great difficulty distributing them.

There is another disquieting reason for the government's strong performance. The revolution was aimed at Mr. Ceausescu and his family, and the NSF is largely composed of Mr. Ceausescu's opponents within the Communist Party. They evidently continue to be supported by the old party apparatus — all the middle-level people who had reason to fear for their jobs and their perquisites if the NSF should lose. It is also true that life has improved a bit for many Romanians since Mr. Ceausescu's demise, and the NSF benefits from comparison with him.

In a victory statement, Mr. Iliescu promised his country rapid economic development over the coming decade and cited Sweden as the example of social democracy that he hopes to follow. Romania is now the poorest of the East European countries, a once-rich land plundered by decades of monstrously bad government. To improve life for its people, Mr. Iliescu is going to need a lot of help from the rest of the world. A one-party democracy is not likely to get it.

— THE WASHINGTON POST.

Other Comment

Crisis in Australia

What exactly is wrong with Australia? Like a number of other developed economies, the most obvious example being the United States, Australia has been living for too long in dreamtime. Productivity has not kept pace with world standards, yet wages and consumption are high. The only way to sustain the imbalance is through indebtedness. The favored (government) course of tight monetary policy has proved incapable of bringing a reversal of fortunes.

As the crisis unfolds, the familiar debate about Asian immigration will doubtless raise its ugly head again. Prime Minister Bob Hawke, to his credit, has always stood firm on this. Others may not be so restrained. [But if they] play the racial card, it will worsen the outlook for the economy. The country desperately needs everything Asia can give it: capital, entrepreneurship and productive workers. Without them neither Australia's abundant resource base nor sound money can help it out of the mess.

— Asian Business (Hongkong).

To Liberate Asian Women

Women have been heads of government in Sri Lanka, India, Pakistan and the Philippines, and leaders of the opposition in Bangladesh and Japan. But these represent a minuscule proportion of Asia's women. Modern Asians have buried many old social evils. But even highly educated Asian wives slide imperceptibly into roles designed for them centuries ago. It is high time they came out of this belittling relationship.

— Asiaweek (Hongkong).

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What Role for the Military in a Changing World?

By Flora Lewis

BUENOS AIRES — One way or another, the role and structure of the military are up for argument in countries around the world as the prospect of war recedes. Argentina is no exception, although its military issues are essentially of the Third World variety.

Still, political change and the impulse to democracy have affected ideas of security here just as they have in the north. A decade ago, the possibility of war with neighbors seemed real. There was the Beagle Channel dispute with Chile, a serious arms race with Brazil that included an attempt for atomic weapons, and other local disputes, not to speak of the disastrous Falklands/Malvinas adventure.

Maintaining internal order pits the military against democracy.

Now nobody imagines a regional war, and a global strategic rationale has faded away with the Cold War. President Carlos Saúl Menem speaks of a "process of integration with neighbors." But he wants to "modernize" Argentina's arsenal, so I asked him what the function of the armed forces is now.

The question apparently surprised him. He said: "The role of the military is the same as in any other country. When it disappears in the United States, France and so on, it will disappear here, too." He argues that the military must have up-to-date weapons for the safety of the men in uniform. "The armed forces are an aspect of sovereignty."

That was not quite the point. Even critical Argentines agree with him that the military here is now subordinated to civilian government. Nobody fears another coup in current circumstances, although the opposition says the key reason is direct participation in government of the financial powers that stimulated coups in the past to protect their interests.

In any case, losing a war cost the military the justification that it alone could protect the country's interest. Losing power after a brutal military dictatorship had terrorized the country but achieved nothing else cost it the prestige and respect it cherished. Now it isn't sure of its purpose.

There are a number of traditional functions. Protecting a country against threats short of war remains a valid military role, although it suggests a very different shape of force when neighbors are reliably friendly.

Maintaining internal order has been a customary use of the military in undemocratic countries, but it makes the military the enemy of democracy, and usually assures that it will grow corrupt. Argentines insist that they have had more than enough of that, although Mr. Menem is making the legal basis for domestic intervention by the armed forces unclear.

In many Third World countries, especially in Latin America, the military has long served as a gateway for social mobility otherwise slammed shut by a dominating oligarchy. Every society needs some kind of ladder for the able, and providing it outside of the profession of arms is obviously an essential factor of development.

Argentina relied less on the military for this service in the past than did others, but still it mattered. Argentina relied more than many on the military as political arbiter, imposing power decisions when groups that consider themselves the natural custodians of power were at odds. That, too, is a role that inevitably undermines democracy.

And finally, a purpose of military forces almost everywhere, regardless of security needs, is to maintain the existence of the military. It is a corporative body that develops its own support systems and like others, only more so, finds it hard to reflect on the whys of its inherent desire to survive.

But if the military-industrial complex achieves weight beyond reason in such countries as the United States and France, it tends to provoke counterforces arising from competitive claims on the economy. This has also become true in the Soviet Union. The competition is weakened in countries without solidly based civilian government. The military's claims need determined review.

Ironically, arms reduction in the East-West context risks aggravating military clout in the Third World. There will be a temptation to sell off rather than destroy weapons, and keep arms suppliers in business despite shrinking domestic markets. Constraints on this loophole must be included in East-West arms agreements.

More important, though, is to study the rationale of arms in the changing world. I am not against defense. Security is a basic need. But its means need review. Countries like Argentina already show the tremendous impact of shifting attitudes. The role of the military cannot be left out of plans for advancing democracy if a sturdier basis for peace with freedom is to be achieved.

The New York Times.

Renovated Europe Has Foul Old Closets to Clean

By Dominique Moïsi

PARIS — Now that the euphoria of liberation in the East has ebbed, what Europe do we have in store? Is apprehension slowly mixing with pride and joy? Will Europe be an enlightened continent, transcending its artificially imposed divisions to establish in the name of democracy a new center of power, prosperity and culture? Will Europe, on the eve of the 21st century, regain its former centrality, master its inner sources of divisions and tensions and above all extend a fraternal hand to the less privileged zones of the world? Can this humanistic Europe dominated by liberal pluralist values triumph?

France can no longer remain a prisoner of its past and the myths created by de Gaulle.

Unfortunately, in the shadow is another Europe, one dominated by the return of its past evil genius, attracted by the dark temptations of xenophobia, racism and jingoism, desperately searching for its identity and using exclusion of others to translate its inner fears. The sudden and unexpected rise of anti-Semitic forces in both the Eastern and the Western parts of Europe is only the most spectacular manifestation of this dangerous trend.

For Europe, the years ahead will be a decisive test. The Europe we dream of is, fortunately, more likely than the one we fear. Yet vigilance must accompany hope and trust.

Beyond the essential issues of economics, politics and security is a moral dimension to the future of Europe. The treatment of its past will be decisive for Europe's future. Countries cannot move forward securely if they are not reconciled with their past, or if they have not adequately tried to come to terms with it in terms of their collective responsibility.

The rise of the extreme right to unprecedented levels in post-World War II France is a case in point. The National Front, the party of Jean-Marie Le Pen, has been using the delicate and popular issue of immigration to hide the hard core of its ideology, which is blatant anti-Semitism. It has been allowed to do so for many reasons, but a key one, rarely mentioned, is the existence for too long of a consensus of silence in France about the Vichy years and the responsibility of some Frenchmen, alongside the Nazis, for the deportation of Jews.

France can no longer remain a prisoner of its past and the myths created by Charles de Gaulle just after World War II. The man who saved France more than once, and whose 100th birthday we celebrate this year, gave it a poisoned gift.

It was de Gaulle who was great, sometimes in spite of France. As long as the collaboration with the Nazis is not thoroughly acknowledged, the shadow of doubt, a gray area in our history, will remain, preventing us from dealing adequately with extreme-right and "Pétainist" tendencies.

In the new Germany the treatment of the past will also be an essential political and moral issue. Vichy France lasted for only four years, Nazi Germany for 12 years, the German Democratic Republic for more than 40 years. It would be a tragedy if "de-Stasification" were used by Germans as a way to compensate for the shortcomings of "de-Nazification."

Morally, to a large extent, the Federal Republic, by openly dealing with the issues of collective responsibility, has fared much better than a country like Austria. By hiding behind its image of victim — in fact, the Anschluss was welcomed by a majority of Austrians — Austria has managed to hide its responsibility behind a collective lie.

De-Stasification should be pursued in Germany, but punishment should be reserved to a few key individuals. One must search for the entire truth, but not necessarily condemn an entire population. The crimes committed under the Communist regime were not of the same nature as those accomplished under the Nazis. And they were imposed by another country, the Soviet Union.

In 1945, the Germans were largely spared by the fact that retribution and punishment were imposed by the victorious allied powers. In 1990, Germans will have to judge fellow Germans and decide whether they were victims or criminals. East German functionaries should not be dealt with more stiffly than their Nazi equivalents.

De-Stasification is only one example of the more global issue of complicity and responsibility that all East European governments will have to deal with sooner or later. Czechoslovakia's population, for example, does not quite share the philosophical magnanimity of Vaclav Havel. The treatment of the past will constitute a key element of the democratization process in Eastern Europe.

European peoples, if they want to define effectively and positively their future role in Europe, have to be reconciled with their past. Only memory and the knowledge of the past can make them look ahead to a balanced rebirth. In Europe, at least, the past has a future. Let us hope that we Europeans will choose the right one.

We should not dream of reconstructing a Christian Europe on the ashes of the Communist world or on the limitations of a capitalist one. The Europe which Pope John Paul II wants to re-create — some would say recuperate — is not one that a majority of Europeans would feel comfortable with. The Church, historically largely responsible for the anti-Semitic problem, cannot offer the only needed solution. A combination of humanistic values and democratic institutions must guide the new Europe. Otherwise, the Berlin Wall will have fallen in vain.

In Florence, a Think Tank for Europe

By Giles Merritt

BRUSSELS — Anyone who thought the present ferment of discussion over European economic and political union would produce scores of original ideas must be disappointed. Just as generals always prepare to fight the next war as they fought the last one, politicians seem happy to trot out yesterday's solutions for tomorrow's problems.

So it is that the European Community is now looking at ways to apply various tried-and-true brands of federalism to the EC, in the hope that one of these will open the way to an acceptable system of European government. The federalist approach, however, is unlikely to work; it is suited to welding autonomous regions together into a nation state, not to weaving 12 age-old nation states into a new superpower.

Proposals that are unburdened by history and tradition are required to cut through the knots that Europe's politicians are tying. In the 1992 single-market drive, as in the uncharted waters of economic and political union, there is still much more rhetoric than concrete achievement.

The scarcity of new ideas would seem to call for a think tank for Europe. This is not new; as far back as the Messina conference that gave birth to the 1957 Rome Treaty, the idea was broached of creating an academic organization to harness extra brainpower to the problems of the fledgling Common Market.

Years were to pass before that idea took root. In 1976, the European University Institute opened in Florence. The Italian state had given it a former abbey and a villa in whose gardens Boccaccio reputedly wrote part of the Decameron.

The institute flourished as an academic center for postgraduate students, but it could not be said to have contributed much as a think tank. Today, though, it is beginning to make a name for itself as a valuable resource for European policymakers, producing both analysis and proposals on issues that could help determine Europe's future course. The change followed the arrival in 1987 of Emile Noël as president.

Mr. Noël's is a name to reckon with in Brussels and in political circles across Europe. For 20 years he was secretary-general of the EC Commission, and thus shaped more EC policy than any number of passing commissioners. He was known as the EC's éminence grise, and as the man who knew where all the bodies were buried. His courteous and avuncular manner never disguised the steel that lay beneath.

Mr. Noël made it plain upon his arrival at the institute that he intended to boost its activities in support of EC policymaking, despite the protests of some senior professors who objected that their academic independence was being jeopardized. He was well aware that the EC badly needed input from outside experts. The EC Commission is no cradle of original thinking, and the EC's member governments are scarcely the source of impartial ideas.

The institute's staff members still are sensitive about being seen as a consultancy to the EC Commission, but they have begun to turn out an impressive list of research programs. Thanks to the increased financial support that has come with Mr. Noël's arrival, the institute's research budget is 10 times bigger than in the mid-1980s. Topics being tackled range from an in-depth examination of the European Parliament's powers and influence to a Community-wide report on how EC governments are implementing the 1992 program.

Researchers at Florence are also looking at questions like the restructuring of the European political cooperation process for reaching common foreign policy decisions, an action plan for human rights in the EC, and the future of regional policy in Europe. The institute has focused on the lack of an EC legal information network. As well as setting up an Academy of European Law, it is next month to begin publishing a European Journal of International Law that will be produced in 10 countries.

Whether the institute becomes the think tank that EC policymakers require remains to be seen. But it is making an encouraging start.

International Herald Tribune.

The writer is associate director of the Institut Français des Relations Internationales and editor of its journal, Politique Etrangère. He contributed this comment to the International Herald Tribune.

Dienstbier: A Plan for Transition

By Anthony Lewis

CAMBRIDGE, Massachusetts — Six months ago, Jiri Dienstbier was shoveling coal into a furnace for the Prague subway system. Now, as foreign minister of Czechoslovakia, he has a plan to help the Soviet Union and the countries of Central Europe move to market economies.

Mr. Dienstbier unveiled his idea while visiting Harvard University last week, choosing that locale because the Marshall Plan was born there 43 years ago. This week he is traveling in Europe to describe the proposal to other foreign ministers.

It is an ingenious idea, with a mix much like the Marshall Plan's: idealism, economic incentive, cooperation.

The most developed countries of the world — Japan, the United States, the members of the European Community — would in a sense make a leveraged investment. It would work like this:

1. The developed countries would advance $16 billion over three years to the European Bank for Reconstruction and Development, which is being set up now to help the changing economies of Eastern Europe.

2. The money would be credited to the Soviet Union, which could use it to buy industrial products from Poland, Hungary and Czechoslovakia. Those three countries would use the hard currency to modernize their industries — "which means," Mr. Dienstbier said, "that they'll spend it in the countries providing them money."

3. The Soviet Union would match the dollar credits in rubles, using the resulting fund for investment in its industry. That is the same approach as in the Marshall Plan, when recipient countries created counterpart funds in local currencies.

4. The bank would play an important role in planning use of the funds in the Soviet Union and the three Central European countries. Mr. Dienstbier said: "The money would be spent with supervision — that's too strong, people don't like supervision — with the coordination of the bank, which will advise on how best to use it."

The purpose of his plan, he said, was to give concrete form to what President Vaclav Havel told the U.S. Congress when he spoke to a joint session in February: "You can help us most of all if you help the Soviet Union on its irreversible but immensely complicated road to democracy."

Since February, economic strains in the Soviet Union have intensified. Mr. Dienstbier said he still thought its movement toward democracy was "irreversible," but there would be a better chance for an orderly transition if the world helped the process of economic change.

In the three Central European countries, too, he said, there would be a period of economic strain. As realistic market pricing takes hold, inefficient factories will close and people will be thrown out of work. The difficulties will be the greater because the old Comecon system of trade among East European countries and the Soviet Union is being replaced by arm's-length trade at world prices.

All of the countries will be looking to get hard currency by exporting to the West — but that will require new plants, and time. "We need investment," Mr. Dienstbier said. "And we need scholarships, because we have no managerial skills, no expertise in computers and so on."

He called the $16 billion plan "modest." The Marshall Plan cost the United States about 10 percent of its GNP, he said. This proposal would cost Japan, the United States and the European Community 0.1 percent of their combined GNP.

Like his friend President Havel, Mr. Dienstbier made a sudden transition to office last December from the status of dissident outcast. A foreign correspondent of Czechoslovak radio, he lost his job in 1968 when he would not praise the Soviet invasion of Czechoslovakia. He was imprisoned, with Mr. Havel, when he spoke out for human rights.

And like Mr. Havel, he seems somewhat bemused by the turn of fate that has made him a politician. He cannot be sure how long he will be in office, because Czechoslovakia is having elections on June 8.

The new parliament will draft a constitution for what is now formally called the Czech and Slovak Federative Republic, with many tricky questions about regional versus central power. "We have 23 parties now," Mr. Dienstbier said. "But they're all for the free market, pluralism, a free press and so on, even the Communist Party. I think we have only one problem. It will be difficult for people who are not used to choosing to make a choice among 23 lists."

The New York Times.

100, 75 AND 50 YEARS AGO

1890: British Conspiracy?

NEW YORK — From San Francisco comes elaborate exposure of an alleged conspiracy to wrest the peninsula of Lower California from the Mexican Government and to found an independent Republic to be ultimately annexed to the United States. The power behind the movement is alleged to be the Mexican Land Colonization Company, composed of wealthy Englishmen owning or controlling concessions on the peninsula made by the Mexican Government to the International Company of Mexico.

1915: Italy to Mobilize

ROME — King Victor Emmanuel has sanctioned the law conferring extraordinary powers on the Government in the event of war and during war, and he has signed a decree for general mobilization. To-morrow [May 23] will be the first day of mobilization. It is believed that immediately after the outbreak of hostilities the Pope will issue a statement affirming his sympathy with the Allied cause and particularly with Italian intervention. It is remarked here that, although she has not actually declared war, Italy is already exercising pressure on Germany.

1940: 'Dictator' Churchill

LONDON — After less than an hour's debate, the House of Commons today [May 22] passed the emergency "enabling" bill proposed by Lord Privy Seal Clement Attlee, giving the government sweeping powers to mobilize all Britain's human and material resources for prosecution of the war. The bill, considered one of the most drastic in Britain's long Parliamentary history, makes Prime Minister Winston Churchill a virtual dictator and grants his War Cabinet absolute control over private property, industry, labor, the banks, and, more important still, the rights of the individual. The powers are extended for two years and apply equally to North Ireland.

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OPINION

A Tragedy Followed by Propaganda

By Richard Cohen

WASHINGTON — In 1985, an Egyptian soldier stationed in the Sinai Desert went berserk, killing his commander and seven unarmed Israeli tourists. Some of the tourists, including a 10-year-old boy, apparently bled to death because other Egyptian soldiers would not permit an Israeli medical team to aid the victims.

For a moment, the Middle East tensed. But then it relaxed. In essence, Israel said that one soldier is not a nation. The peace with Egypt was never in doubt.

Washington has been pressing Israel to come to the table and deal with the Palestinians. If someday that should happen, Israel must be assured that the Palestinian leadership can sell some sort of compromise to its people.

Something similar has now happened in Israel. A former soldier went berserk, killing seven Palestinians. He has been characterized as deranged, and he attributed his action to the loss of a girlfriend and an alleged rape by Arabs when he was a boy. Yet the Palestine Liberation Organization and several Arab governments have not hesitated to use this horrible incident in their propaganda war against Israel. Kuwait simply labeled the killer a "Zionist" and said his actions would "lead to a new cycle of violence."

A PLO spokesman called the killings "a message to the Arab summit" that is about to begin in Baghdad. And a PLO official, Yasser Abed Rabbo, asked Egypt to close the Israeli Embassy in Cairo. "What is happening in the occupied territories is an act of organized crime carried out under the supervision and planning of the Israeli government," he said. Similar statements have come from Syria and Jordan.

Well, first of all, the killings did not take place in the occupied territories, but in Israel proper (though the victims were residents of the occupied Gaza Strip who had come to Israel seeking work). In the second place, there is not a scintilla of evidence to suggest that the Israeli government had anything to do with the killings. If it had, the gunman might have been allowed to escape. The current Israeli government is capable of doing some boneheaded things, but not even its severest critic would suspect it of wanting to foment what has followed the killings: riots in both the occupied territories and Israel proper.

Maybe it is understandable that Arab leaders (and non-Arab ones in Tehran) would overreact to the recent massacre. After all, both the West Bank and Gaza Strip are under military occupation, and it is a harsh occupation at times. The *intifada* proceeds, and with it come daily killings, including those of children. Maybe it could be argued that the gunman's victims did what they were told — lining up submissively on his orders — because they were accustomed to being pushed around by Israelis. Maybe. But even in the United States, people do what a gunman tells them to do.

Palestinians long ago made the point that they are entitled to their own state. But they have not yet made another and possibly more important point: that if they get that state, they will not continue their war against Israel.

Very likely, Arab leaders know that the rampage of a single Israeli does not represent government policy. Yet, many of their followers are willing to believe — indeed, for generations they have been taught — that the so-called Zionists are ruthless killers. Until recently, for instance, the PLO did not distinguish between soldiers and, say, women and children on a kibbutz.

Now, both the PLO and certain Arab governments will not distinguish between state policy and one man who went berserk. By inflaming populations in their countries, in Israel proper and in the occupied territories, they show more passion than logic. By claiming that the massacre is anything more than a tragedy, they propagate a lie.

But there is another issue. Washington has been pressing Israel to come to the table and deal with the Palestinians. If someday that should happen, Israel must be assured that the Palestinian leadership can sell some sort of compromise to its people. Given the performance of the leadership following the shooting, any compromise will be harder to sell. Israelis can argue that when it counts, the PLO leadership reverts to the same old rhetoric — and, maybe, the same old terrorism.

It would have been wonderful if the shootings had been followed by efforts by Arab leaders to calm the situation. It would have been wonderful if they had said that an Egyptian had done something similar. It would be wonderful if any Arab leader, including President Hosni Mubarak of Egypt, had repeated what Mr. Mubarak himself said following the 1985 massacre in Sinai: "a limited incident that can happen anywhere, carried out by an insane man."

Anywhere, by definition, includes Israel.

The Washington Post.

No Matter Who the Victims

By Mohammad Tarbush

GENEVA — I am a Palestinian patriot, and also a strong believer in Israeli-Palestinian coexistence. My family has lived in Palestine for hundreds of years; it is not impossible that Jews were among my ancestors. I have profound respect for Jewish talent and resilience.

And also this: I unequivocally condemn the abhorrent desecration of Jewish tombs in the French town of Carpentras two weeks ago. There can be nothing but respect for the people who turned out in the streets of Paris to manifest their indignation.

Extremism promotes an atmosphere in which insanity is relativized.

How wonderful it would be, though, if such indignation responded to other attacks on human dignity as well, no matter who the victims or the perpetrators.

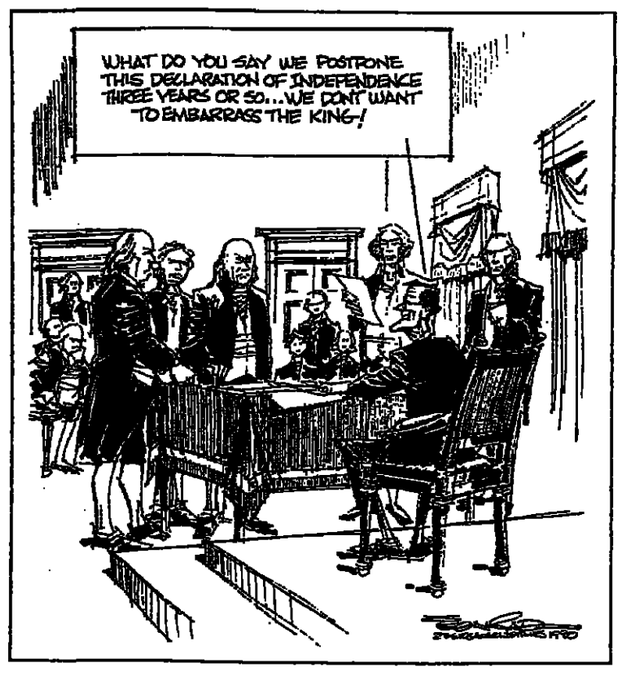
Christians and Muslims stood alongside their Jewish brethren on the Place de la République in Paris. How many of those demonstrators need to be reminded that the creation of the Jewish state in Palestine had costs for Palestinians? Hundreds of thousands lost their homes. Many of these displaced Palestinians have been living in refugee camps where material conditions do not meet the lowest standards of decency — no running water, no electricity, arid land, open sewage. Israeli soldiers and settlers routinely enter these camps to blow up crowded hovels, to assault and even kill some of the inhabitants.

A report on Palestinian child casualties in the occupied territories, published last week by the Swedish organization "Save the Children," speaks of "indiscriminate beating, tear gassing and shooting of children at home or just outside the house, playing in the street, sitting in the classroom or going to the store for groceries." The report tallied 159 deaths and estimated that at least 50,000 children had been treated for injuries during the first two years of the uprising.

Last Sunday in the Tel Aviv suburb Rishon Le-Zion, seven Palestinian workers were lined up and killed while waiting for a day's employment. Israeli authorities said the gunman was mad. It is true that such incidents of carnage by crazed individuals do occur from time to time in countries around the world.

But later on the same day, as many Palestinians were killed by Israeli troops. The extremism of Prime Minister Yitzhak Shamir and others who refuse to enter into meaningful peace negotiations has helped to promote an atmosphere in which insanity is relativized, in which bloody escalation proceeds by a logic all its own.

The writer is a Geneva-based investment banker and writer on current affairs. He contributed this comment to the International Herald Tribune.



LETTERS TO THE EDITOR

And After Gorbachev?

While Mikhail Gorbachev's foreign policy is an undeniable success, his domestic policy is a fiasco. What exists today in the Soviet Union is not democracy but disorder and despair. The economic situation is catastrophic — worse than it has ever been.

Mr. Gorbachev's handling of interethnic and multinational problems shows a total lack of statesmanship. For example, he did nothing to avoid confrontation with Lithuania. He seems, rather, to have encouraged the very movement that he now is fighting with economic sanctions and displays of military might in the streets of Vilnius.

For the moment, the West has no choice but to support Mr. Gorbachev; there seems to be no alternative. But we should also prepare for the post-Gorbachev era. It is inconceivable that in such a large country no other valid leader should emerge. Let us hope that what comes next is not some new version of Brezhnevism (hardly likely, since the break with dictatorship has reached a point of no return) or a clownish politician of the Yeltsin type, but a mature leadership able to combine real democracy with the will to realize necessary political and economic reforms.

A. ROLALB.
Boulogne Billancourt, France.

A German Nuclear Bomb

The Germans could have nuclear arms whenever they chose, of course. But what if they rejected that option and, instead, called for placing all nuclear weapons in Europe under the control of some kind of collective security organization? And what if they offered to place German forces now committed to NATO and the Warsaw Pact under the same organization, toward a truly European security community?

What better way for the new Germany to reassert its European identity and lay to rest its reputation as military predator? And what a stunning rebuke to the Europe of jealous and deadly nationalisms! Would others have the courage to follow?

R. SUNDT.
St. Cyr-en-Val, France.

Capital Plans for Bonn

Many in Bonn would of course regret seeing the federal capital move to Berlin, though such a move would seem, for historical and cultural reasons, to be inevitable. But such a move would leave vacant the infrastructure of a modern capital. The obvious use for it is as the future capital of Europe. Bonn is closer to the center of gravity of a Europe stretching from the Atlantic to the Urals than either Strasbourg or Brussels.

JEAN HENRY.
Paris.

Let Him Loose Elsewhere

I have long admired, even envied Mike Zwerin's coverage of jazz in particular and music in general. But his three-part series on East European culture (*"Culture in the East," April 10-12*) turns me the deepest green with envy. Please turn him loose in Latin America, Africa and Asia in search of analogous insights.

PATRICK D. HAZARD.
Philadelphia.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

An Iron Cross in My Desk, And Memories of an Ace

By August von Kageneck

BONN — Each time I open the drawer of my writing table I stumble on a curious and quite useless object: the Knight's Cross of the Iron Cross with oak leaves. It belonged to my brother Erbo, who was shot down in his Messerschmitt on Christmas Eve 1941, not far from the Libyan town of Derna.

Erbo was returning from a patrol over the African front when his plane was shot by an enemy pilot. He managed a desert landing, but he was seriously wounded and died 12 days later in a Naples hospital. The Luftwaffe gave him a big funeral, which several German and Italian generals attended.

MEANWHILE

Erbo had fought in Poland, in France, in the Battle of England, in Russia, in the Mediterranean, and finally in North Africa. When he died, at age 24, he had downed 69 enemy aircraft.

He was a typical product of his generation. Born in April 1918, a few months before the collapse of the monarchy and the Bismarckian Reich, he grew up in the Weimar Republic with its political quarrels, runaway inflation, millions of jobless and endless election campaigns.

Erbo was 15 when Hitler came to power. Though he had been educated, like all his brothers, in a Jesuit school and raised by a father who had served the kaiser faithfully as a general and who viewed the Nazis with distaste, he was enthusiastic about the outlook for a new Germany. Two years later he joined the Hitler Youth, and at 18, he entered the newly created Luftwaffe.

Erbo was a fighter, a fine sportsman and a bold daredevil. The Luftwaffe gave him all he needed to satisfy his hunger for adventure — especially when war broke out. A war of aggression? A crime against humanity? *Papperlapapp!* The young fighter pilot probably did not even think about the reasons for the war. From the heights of his duels with French, British or Russian opponents, he would not have seen the inhuman slaughter in the fields, still less the smoking chimneys of the death camps.

But as he neared the end of his short and glorious career, he might have had doubts about the rightness of the foolish enterprise, and the outcome of the ordeal. We have a photograph showing him the day when he received, from Hitler's hands, the oak leaves for his 65th air victory. It was in October 1941, and there was still every chance of winning the war. But the photo reveals an extremely skeptical expression on the face of my brother, who had never seen the Führer. Was this, Erbo's eyes seemed to ask, the man who would lead Germany to victory over the world?

Three months and four air victories later, Erbo was dead. It was probably the end he expected, like hundreds of his comrades. He never knew what Hitler had really done to mankind; we only really knew — may my esteemed colleague A. M. Rosenthal forgive me — after all was finally over. For a while, the Knight's Cross Erbo had won adorned a small cushion in my mother's bedroom. An American soldier shoved it in his pocket when he found it in our house in the Rhineland in 1945, but he lost it in the garden, and it ended up in my possession.

Did I call this piece of iron useless? Yes. After all, it will never again be worn by anyone. But if I keep it in my writing table, it is because it reminds me of some useful things. Glory, for instance, has never been for losers. If we had won the war, would we have been proud of our medals, in the face of the truth? Would we ever have known the truth? Thank God that Hitler lost the war, and we all lost with him — our five years of faithful sacrifice, our youth, our honor. And some, like Erbo, their lives.

But there is a conciliatory epilogue to my brother's death. By chance, I have found the man who forced his plane down in the desert. In Erbo's last letter to my parents, he had written that he was "neatly shot down from beneath."

The Australian pilot Clive Caldwell had gained fame in the Royal Air Force for this very tactic — attacking from the only angle from which the enemy pilot is blind.

Told by a former Luftwaffe fighter that he had met Mr. Caldwell in the Imperial Services Club in Sydney in 1984, I wrote him a letter. Here is an excerpt of his answer:

" ... *die Lust der Zerstörung.* Mankind will never live in peace until we overcome the natural savagery that exists in us all, propels us in wars, perhaps soon to our own destruction ... Thus it was that your distinguished brother and I, absolute strangers in a strange land, but operational in that now distant tragedy called World War II, were there doing what we were on that particular Christmas Eve. It is an odd feeling to be now given this insight into what was, until your letter, a purely impersonal and inconclusive brief encounter so long ago."

There is no question now that it was Mr. Caldwell who shot down Erbo's plane. "My flying logbook," he wrote, "records an entry on the 24th December, 1941, flying Tomahawk No. AK-498, as having claimed a Bf-109F as 'Damaged' in that area."

International Herald Tribune.

Thyssen informs:

Well on Course

Interim Report on the First Six Months of 1989/90
from October 1, 1989 to March 31, 1990*

Thyssen Worldwide[1]	first six months:	1988/89	1989/90
External sales	DM billion	16.4	16.8
Pretax profit	DM million	892	705
Net income	DM million	372	363
Capital expenditures	DM million	950	1,660
Order intake	DM billion	17.7	18.6
Work force on March 31		132,948	146,828

[1] Thyssen AG acquired Otto Wolff AG effective January 1, 1990. As a result, Rasselstein and EBG (Elektroblechgesellschaft), joint enterprises hitherto consolidated only on a pro rata basis, are nowfully incorporated into Thyssen's 1989/90 figures. The Otto Wolff group of consolidated companies has been included in Thyssen's figures since January 1, 1990.

* unaudited

Development of Sales

The high business volume of the previous year was surpassed slightly in the period under review. The external sales of Thyssen Worldwide rose by 2%.

The sales of the capital goods and manufactured products business group were, in all, 2% higher than the year before. Thyssen Industrie achieved a strong sales increase of 11%. Most of the business sectors recorded high order intakes, especially at Thyssen's two shipyards.

At The Budd Company, sales in terms of US dollars remained 14% below last year's level because of the weaker American automobile market. In the meantime, the two new stamping plants have started up series production, and this will have a positive effect on the development of business. Rheinische Kalksteinwerke recorded a 7% sales increase.

The sales of the trading and services business group were down 5% from the previous year's high level. This is due above all to the reorganization of the fuel trading activities. Domestic business developed well, in particular where the construction and building products and the service activities were concerned.

The specialty steel business group recorded a sales decrease of 8%. The reason for this is, essentially, a significant fall in the prices of alloying metals, which is having a strong impact on the pricing of our products. All industries consuming specialty steel continue to enjoy a good workload. The influx of orders is satisfactory.

In the steel business group, sales were down 5% from the previous year, in part a result of the incorporation of Thyssen Grillo Funke GmbH into the newly formed EBG. The world steel market is in a phase of normalization. Weaker trends are becoming evident in some export markets. On the other hand, the consumption of steel in the Federal Republic of Germany continues to increase.

The sales reported for the shareholdings of Thyssen AG more than tripled, primarily because of the acquisition of Otto Wolff AG and the resulting full incorporation of Rasselstein and EBG.



Sales in DM million	first six months:	1988/89	1989/90
Capital goods and manufactured products		4,602	4,695
Trading and services		7,161	6,782
Specialty steel		2,478	2,276
Steel		5,727	5,466
Shareholdings of Thyssen AG		690[1]	2,374[2]
Total sales		20,658	21,593
Intercompany sales		4,264	4,805
External sales, Thyssen Worldwide		16,394	16,788

[1] Dolomitwerke, Rasselstein, Stahlwerke Bochum (each pro rata)
[2] Dolomitwerke (pro rata), Rasselstein and Elektroblechgesellschaft, Otto Wolff group of consolidated companies (since January 1, 1990)

Work Force

The aggregate work force of Thyssen Worldwide on March 31, 1990 numbered some 147,000, of whom 120,000 were employed at companies in the Federal Republic of Germany, and 27,000 at our foreign companies. The perceptible rise in work force numbers is particularly due to the changes in the shareholding sector of Thyssen AG and to additions of firms at Thyssen Industrie and Thyssen Handelsunion.

Work force	March 31, 1989	March 31, 1990
Capital goods and manufactured products	54,638	61,398
Trading and services	17,075	19,307
Specialty steel	14,418	15,166
Steel	42,996	41,777
Shareholdings of Thyssen AG	3,464[1]	8,795[2]
Thyssen AG	357	385
Thyssen Worldwide	132,948	146,828

[1] Dolomitwerke, Rasselstein, Stahlwerke Bochum (each pro rata)
[2] Dolomitwerke (pro rata), Rasselstein, Elektroblechgesellschaft, Otto Wolff group of consolidated companies

Capital Expenditures

The capital expenditures of Thyssen Worldwide in the first six months of 1989/90 amounted to almost DM 1.7 billion. The focal points, apart from the additions of fixed assets arising from the acquisition of Otto Wolff AG, were chiefly the further modernization of our production and warehousing facilities in and outside Germany, and the expansion of growth activites.

Financial Results

In the period under review, after inventory devaluations necessitated by lower alloy prices, the pretax profit again reached a high level at DM 705 million. The net income of Thyssen Worldwide, at DM 363 million, was almost as high as in the first six months of last year.

Order Situation

The order intakes of Thyssen Worldwide in the first half of the current fiscal year were high, buoyed especially by the continually lively investment activity in the Western industrialized countries. The influx of orders outstripped sales, thereby increasing the order backlog further.

Outlook

The general economic trend internationally is still upward, although with regional differences. In terms of real economic growth, the Federal Republic of Germany shares the top position with Japan. The modernization and further development of industries and infrastructures is progressing, the interpenetration of the markets continuing. The pending economic and monetary union with the GDR opens up new perspectives. All of this bolsters the demand in most of the markets in which Thyssen companies are active. We also expect a satisfactory business trend for the second six months of 1989/90.

THYSSEN

THYSSEN AKTIENGESELLSCHAFT

STAGE/ENTERTAINMENT

'Wild at Heart': Lynch's Gothic Landscape

By Joan Dupont

CANNES — The Golden Palm winner, David Lynch's "Wild at Heart," raised a storm of enthusiasm, and some hackles, at the Cannes Film Festival.

It is a two hour and 15 minute roller-coaster ride through the tunnel of love, fun house and haunted castle of Lynch's painterly American Gothic landscape. Sailor and Lula escape Lula's wicked witch of

CANNES 1990

a mother to fall upon freaks — beetle-browed menacing women, ominous maniacs, smiling sadists.

Lynch calls his film, adapted from the novel by Barry Gifford, a fairy tale — a "modern 'Wizard of Oz.'" The film fit the mood of the last days of the festival, when, after a week of heavy message films, the auteurs arrived with fantasies on love and death, fire, water and the desert.

"I fell in love with the characters in the book and pictured Laura Dern and Nicolas Cage as Lula and Sailor," Lynch said. "They were outlaws, yet they were very much in love — they made it cool to be in love in a violent world."

The violence starts with a stabbing, and a raging fire. Cutting back and forth with comic-book rapidity, the camera closes in on every lit match and smoldering cigarette that the couple consume on their way through New Orleans to the desert.

"The idea of the fire grew and became a constant theme — I love textures and the idea of filming something very close and wide was thrilling," Lynch said. "I don't want to sell people on the idea of smoking, but since this is a fairy tale, I think they're allowed to smoke."

Smoking is not all that goes on — there is lots of sex, shoot-ups, and rock 'n' roll — heads are lopped off, brains wiggle out of skulls, and a dog walks away with a severed hand.

Lynch, who describes himself as "an Eagle Scout from Missoula, Montana, and a painter," says he doesn't know where these baroque visions came from. "I find distortions interesting to observe; they allow you to see comparisons, they illuminate some sort of truth — when something is distorted, it draws your eye to it."

He has already cut out some scenes to avoid an X-rating in the United States, but he stands by his film: "In this fantasy world, people should be allowed to experience pain and violence without getting hurt — if the audiences feel the pain that violence brings, it could keep them from doing violent acts."

But he feels that television, not being a fantasy medium, is more dangerous: "People get shot all the time, and there's no blood, there's no pain, and that's very strange — who knows what that does to people?"

In 1959, Jean-Luc Godard rode the New Wave movement with "A Bout de Souffle" ("Breathless"). His "Nouvelle Vague" ("New Wave") is his kind of celebration. It is about a beautiful and careless countess who runs a man over with her car, and rescues him, only to let him drown later. Another man — twin of the first — appears and history repeats itself, with a twist.

But plot is hardly the point, as Godard explains: "I had a script and a story that the bankers and producers went for, but a story lasts only two minutes and a film goes on for an hour and a half." He stitched together dialogue, made up of quotations from Dostoyevski, Faulkner, Gide — a regular Modern Library — then restructured the story to fit his particular hymn to love and death, birth and resurrection.

The director returned to his sources and to early cinema techniques, shooting near his home on the banks of Lake Geneva in sweeping long shots. "New Wave was what we were called, so there was my title, like a piece of lake."

That now legendary New Wave was a loosely knit group of young filmmakers including Claude Chabrol and François Truffaut who, in the early '60s, made films quickly and on the cheap, rejecting the more formal techniques of the older generation.

As in other Godard films, women ask metaphysical questions and get slapped down, girls ride bicycles down country roads, and red sports cars roar like jungle beasts. The ghost of Raymond Chandler roves through the countess's mansion, the soundtrack intrudes on the images — a funny or profound remark may be interrupted by a bird cry. The quixotic master lets nature have the last word, and films a horse in a field with as much attention as he films his star, Alain Delon.

Delon plays the double role of the brothers, looking somewhat befuddled, Doniziana Giordano is the beautiful Barefoot Contessa (a tribute to Ava Gardner) and Roland Amstutz gets the best lines as a sort of Shakespearian servant narrator.

The chaos is perfectly organized, Godard being as meticulous as a Swiss clockmaker, yet the director feared that this film might be his worst: "You don't return to the scene of the crime — *le crime passionelle* — 30 years later. The New Wave was a way of living cinema as it had never been lived, neither by Rossellini nor by Griffith, nor today. . . . The New Wave was something rare, like Neo-Realism in Italy or the Ballets Russes, it couldn't last long."

Raymond Depardon has made his first feature film "La Captive du Désert" with one actress and black nomads. The photographer and documentary filmmaker ("Reporters," "Faits Divers," "Empty Quarter"), went to Chad in the '70s, and twice interviewed Françoise Claustre, a Frenchwoman held prisoner in the desert by the rebels.

The film opens on an elegant procession of camels, men, women and children marching through a blond wheat field of a desert. The brightly dressed figures move out of the frame, and finally reveal a young white woman, in a pale apricot dress and sandals.

Sandrine Bonnaire plays the Frenchwoman, shut in her solitude and in a strange time zone, where the sands appear bleached in the morning and blotted out at night. Bonnaire, who played unglamorous roles before, spent three months in the desert, in rugged conditions. Depardon's camera captures her in a sequence of shots that are practically still photos. "It is a nonperformance. Sandrine expresses everything in silence — with a look, that's what's modern," he said.

NOTHING much happens in the desert — there is a windstorm, and the woman makes an impulsive dash for freedom that leaves not a dent on the powdered sand. She talks to the women and teaches the children a French song.

Depardon, who first covered the rebellion in Chad in 1970, fell on an ambush and was briefly imprisoned. From 1973 to '76, he returned: "When I heard that Madame Claustre had been taken hostage, I decided to go back because I knew the rebels and that isolated region. Meeting this woman behind a rock was a surreal experience; it was very hard to leave her there. She used my interview to make a call for help, and I've had that soundtrack in my head ever since."

The director claims he doesn't really see the difference between a documentary and a feature: " 'The Captive' is a gentle poetic way of seeing things — camels and palm trees; I could have done it hard. But I'm not writing a diary, I wanted a certain distance from Africa. Now I can make a feature with two characters, perhaps on Paris, on solitude in the city."

Joan Dupont is a Paris-based writer specializing in the arts.



Gérard Julien/Agence France-Presse

David Lynch and Isabella Rossellini, star of Lynch's earlier "Blue Velvet," after he won the Golden Palm.

THEATER



Gary Smith

Alex Jennings as Hjalmar in "The Wild Duck."

Black Comedy In Ibsen Revival

By Sheridan Morley
International Herald Tribune

LONDON — Peter Hall's revival of Ibsen's "The Wild Duck" at the Phoenix is one of those all-too-rare rediscoveries that are also realignments of a supposedly familiar text.

What Hall has understood is that there is something blackly and bleakly funny in the idea of a man totally destroying a household and the lives of its inhabitants in the name of decency, purity and a higher morality. David Threlfall plays Gregers Werle not as some loony preacher, but instead as an all-too-convincing evangelist apparently unaware even at the last that his philosophy has led inexorably to a teenage suicide.

Up against him, Hall stations Alex Jennings as the weak, self-regarding Hjalmar, forever choosing theatricality over reality and leaving it to Nichola McAuliffe as the long-suffering wife to keep his little family together.

There is an intensity of purpose here never better displayed than by Terence Rigby as the matter-of-fact local doctor who finally alerts us to the dangers of moral absolutism, and by Lionel Jeffries as the broken old grandfather in one of those performances that seems to bring on stage with it a whole other world of previous existence.

Then there is Maria Miles, quite wonderful as the 14-year-old child on whom the tragedy finally revolves, and Alan Dobie as the sinister patriarch who has, years earlier, planted all its late-flowering seeds of destruction. It is truly the classic of the season.

At a time when West End shows seem to be closing with all possible speed, the mystery of "Vanilla" at the Lyric is how it ever got to open.

The work of an American dramatist, Jane Stanton Hitchcock, it resembles at best Claire Booth Luce's "The Women" rewritten on a bad morning by an unholy alliance of Neil Simon and Noël Coward, both of whom would have abandoned it as unworkable well before noon. Hitchcock has managed to attract Harold Pinter as director and a starry cast led by Joanna Lumley, Sian Phillips and Charlotte Cornwell, all of whom must have seen something in there somewhere, however invisible it has turned out in production.

The title is mysterious but may have some connection with Manila or the notion that off-white is a color for rich people: certainly wealth is at the heart of a bedroom farce involving a thinly drawn caricature of Imelda Marcos.

It is just possible that the author thought she was writing a Manhattan update of Ben Jonson's "Volpone," since her millionairess is called Lucre and her gossip-columnist Tattle and her socially aspirant hostess Climber. But the breathtaking uninventiveness of the character-naming is matched all too well by plot and development, so that long before intermission the audience could be seen wearing the stunned expressions of those invited to the opening of "Springtime for Hitler" in Mel Brooks's classic, "The Producers."

A truly terrible little undergraduate one-joke sketch has been fatally inflated by an expensive set and cast until the hot air simply explodes, leaving a stage full of characters in search of an author and some reason for detaining the audience.

Back on Broadway, the performance that deserves above all others an award in next week's Tonys is surely that of the former song-and-dance man Robert Morse, who in a solo show of stunning vivacity and accuracy brings back to life the gremlin writer and socialite Truman Capote.

Capote really did go to every party, like Andy Warhol, but remained famous for more than 15 minutes; and against a breathtaking skyline of Manhattan seen from the United Nations tower, "Tru" sets out a record of his life and social times. His address book and his social calendar were a history of the American 1960s and 1970s, one which Morse brings to life with a lisping, waspish eagerness to tattle. There is no point in trying to create a satire about Manhattan on stage when the diaries of Capote and Warhol can simply be read aloud.

Italian Directors: A Fresh Dose of Quality

By Thomas Quinn Curtiss
International Herald Tribune

CANNES — One notable feature of this year's festival has been the quality and quantity of the Italian films — in and out of competition.

Federico Fellini's "La Voce della Luna" ("The Voice of the Moon"), shown out of competition to enthusiastic approval, is in his freewheeling mocking manner. Satire and fantasy go hand in hand as he turns his distorting mirror on the havoc that advertising and television have wrought on a contemporary Italian town.

His principals are two men obsessed by the moon. Their obsession spreads to engulf the populace. The first of these lunatics is a naïve visionary (Roberto Benigni, a top Italian comedian who resembles Woody Allen), the other is an incurable paranoiac, a retired official who fancies he rules the community, played with grand gusto by comic actor Paolo Villaggio.

Together they mingle with the hectic crowds. They are guests at a wild wedding breakfast at which a timorous little man marries an oversexed bride. The disastrous nuptial night is reserved for the audience in an episode so hilarious that it drew applause. They attend an advertising event for pasta at which a local beauty is crowned as the Queen of Farina to Sousa marches. At a raucous discotheque the elder calls for violins. Interrupting the rock racket, he dances a waltz with his *inamorata*.

After these orgies the wanderers return to their moony meditations on lost innocence, the inscrutable machinations of women and the absurdities of modern existence.

Fellini at 70 remains a superb stylist, seeing life as a circus carnival with its sideshows of freaks. He is aware that a striking image on the screen has more potent impact than spoken words.

Fellini remains a superb stylist, seeing life as a carnival with sideshows of freaks.

"Il Sole Anche di Notte" ("Night Sun"), the Paolo and Vittorio Taviani film — also projected out of competition — is drawn from Tolstoi's "Father Sergio," the story transplanted to the 18th-century Italy.

Sergio in the adaptation is now a baron at the court of King Charles III of Naples and it appears that he has a lofty career before him. However, on the eve of his marriage to Cristina, the Duchess of Carpio, he learns that his fiancée has been the mistress of the king.

He at once breaks off the engagement and turns his back on all worldly ways, becoming a monk and living as a hermit in the mountains, where he heals ailing peasants. Despite his pious intentions, he yields to his passions; to atone, he chops off one his fingers.

The Taviani brothers with their leisurely style and their sense of pictorial grandeur have accomplished a motion picture of distinguished quality, and the British actor Julian Sands as the failed saint scores with a performance of remarkable range.

Shown in competition was "Stanno Tutti Bene" ("Everybody's Fine"), by Giuseppe Tornatore, whose "Cinema Paradiso" was awarded the Oscar as the best foreign film of the year.

This is a touching tale of a retired Sicilian town-hall clerk who, lonely and old, undertakes a trip to the mainland to visit his children and their families in different towns. Marcello Mastroiani, aging himself by 20 years, impersonates the traveler with incomparable charm, and the 10-year-old star of "Cinema Paradiso," Salvatore Cascio, makes a return. Michèle Morgan is present in a cameo role.

Tornatore's direction is filled with comic surprises and impressive trickeries in relating the sentimental journey of the script.

les liaisons dangereuses
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Return of Daffy, Porky & Co.

The Associated Press

SANTA MONICA, California — Daffy Duck, Porky Pig, Wile E. Coyote and 130 "Looney Tunes" short cartoons starring the animation heroes will be redistributed for showings in movie theaters across the United States.

The cartoons will be shown before most feature films in the 1,700 screens of AMC Theatres for one year, said Ed Durwood, president of AMC Entertainment. "Looney Tunes" have not been shown in regular national screenings in 20 years. The shorts will debut in Los Angeles this week.

"We will take great pains to rotate the mix so that by the end of a year, all cities should have seen all 130 titles," Durwood said. A few serious dramas and some animated films will be shown without the "Looney Tunes" trailers, he said. "Dick Tracy," which Disney is distributing with a new "Roger Rabbit" trailer, will also be shown without a "Looney Tune" short.

ACROSS

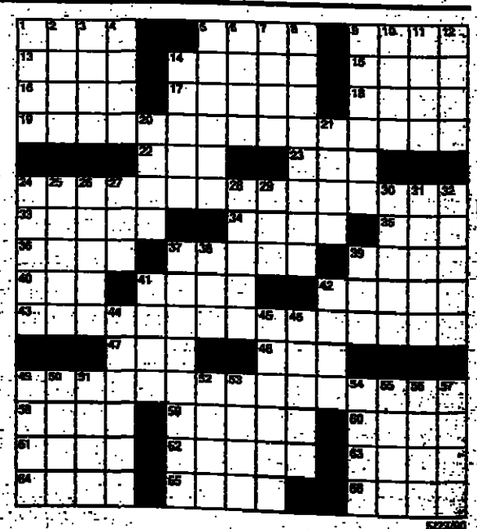
1 Kind of duck or excuse
5 Risky venture on Wall St
9 Clammy
13 Roman god of love
14 Neighbor of Silver Springs, Fla.
15 Canal backed by DeWitt Clinton
16 Mother of F.D.R.
17 Actress Maria ——: 1926-57
18 Lamb's pen
19 Mayor La Guardia's nickname
22 D.V.M. holder
23 Stripling
24 "Adeline," to R H Gerard
33 Sahara filling stations
34 —— about (approximately)
35 Skate
36 Extinct wild ox
37 Caruso was one
39 Seed covering
40 Hosiery mishap
41 Vended
48 Sky god preserved in a weekday
49 "—— is born to blush unseen": Gray
58 Lotion ingredient
59 Springe part
60 Singer Jerry
61 Labels
62 Hints for Holmes
63 First czar
64 Greeks' 13 Across
65 Dumbo's wings
66 Scar on a car

DOWN

1 Endure
2 Oriental nana
3 Oliver Twist's request
4 Of an epoch
5 Soprano Renata
6 Br. legislature
7 Gen. Robert
8 "I —— I can run": Milton
9 Solve a cryptogram
10 Lined up
11 Very small sum
12 Equal
14 Playful mammal
20 Currier's partner
21 Cowardly Lion portrayer
24 Small shoe size
25 Narrator for TV's "Lights Out"
26 A rival of Lever and Emerson
27 Unseld of N.B.A. fame
28 Ballerina's leg-bending action
29 L-P connection
30 Weapon for Hood
31 Employee's delight
32 Tippecanoe's associate
37 Emulate Tallchief
38 British rock group
39 Nigerian native
41 Goblet part
42 Jewish month
44 If not
45 States of equilibrium
42 Worn away
43 Juliet's expectation for "this bud of love"
47 Composer Rorem
46 Band instruments
49 Kismet
50 Suffix for cell
51 Trademark
52 V. Lopez theme song
53 Groucho's "You Bet —— Life"
54 Roman poet
55 Breaker
56 Zesty feeling
57 Landlord's charge

Solution to Previous Puzzle

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International Herald Tribune A Special Report Wednesday, May 23, 1990

Isle of Man

Bank Deposit Base Accelerates Despite Ripples From Crash

By Terry Cringle

DOUGLAS, Isle of Man — When it comes to buried treasure, the Isle of Man has more than most offshore islands. And one does not need the torn half of a parchment map to try and find it. The stuff is all in hard cash in the vaults of the 50 or so banks in the island's capital, Douglas.

The latest official figures issued by the Manx Treasury, dated Sept. 30, 1989, show that these vaults were at that time holding nearly £5.6 billion ($9 billion). The Dec.

The Dec. 31 figure is expected to be just short of £6 billion.

31 figure, to be announced at the end of June, is expected to be very little short of £6 billion.

This growth in deposit base has been accelerating throughout the 1980s at a rate that has been remarkable in itself — and even more remarkable for taking place against the daunting background of a highly publicized Manx bank crash in June 1982 in which more than £42 million was lost for 4,000 depositors, many of them elderly people who lost their life savings.

The reverberations of the Savings and Investment Bank (SIB) affair have continued. It has been a persistent albatross round the neck of the Isle of Man, militating against its reputation as an international banking center right up until March this year, when the trial of eight former directors and officials of the SIB on criminal charges collapsed. The judge agreed with defense submissions that the Manx authorities had delayed too long in prosecuting the case.

Yet these events have not inhibited the flow of funds into the other Manx-based banks. At the end of 1982, the year of the SIB collapse, the island's deposit base was £1.3 billion, a relatively modest sum compared with today's £6 billion.

Admittedly, the favorable U.K. interest rate climate has worked well for Manx banks. But the Manx government also likes to think, with some justification, that another reason is that it now operates, through its Financial Supervision Commission (FSC), one of the world's most stringent banking supervision regimes.

At the time of the SIB collapse the control regime was a ramshackle affair easily outflanked, as a Bank of England inspectors' report revealed. And leaks of other confidential reports have shown that the Manx Treasury should have perceived that the SIB was actually insolvent months before it went under.

BUT OUT of this fiery furnace the FSC was forged in 1983, with its new control regime and a determination never to be caught out again. This metamorphosis is well documented today and it is freely acknowledged that the Manx government has made the best of a dismally bad job.

"Putting our house in order in the early 1980s was an uphill struggle," says Jim Noakes, a former Bank of England official who is now chief executive of the FSC, admitting that they had to start from scratch to build international acceptability.

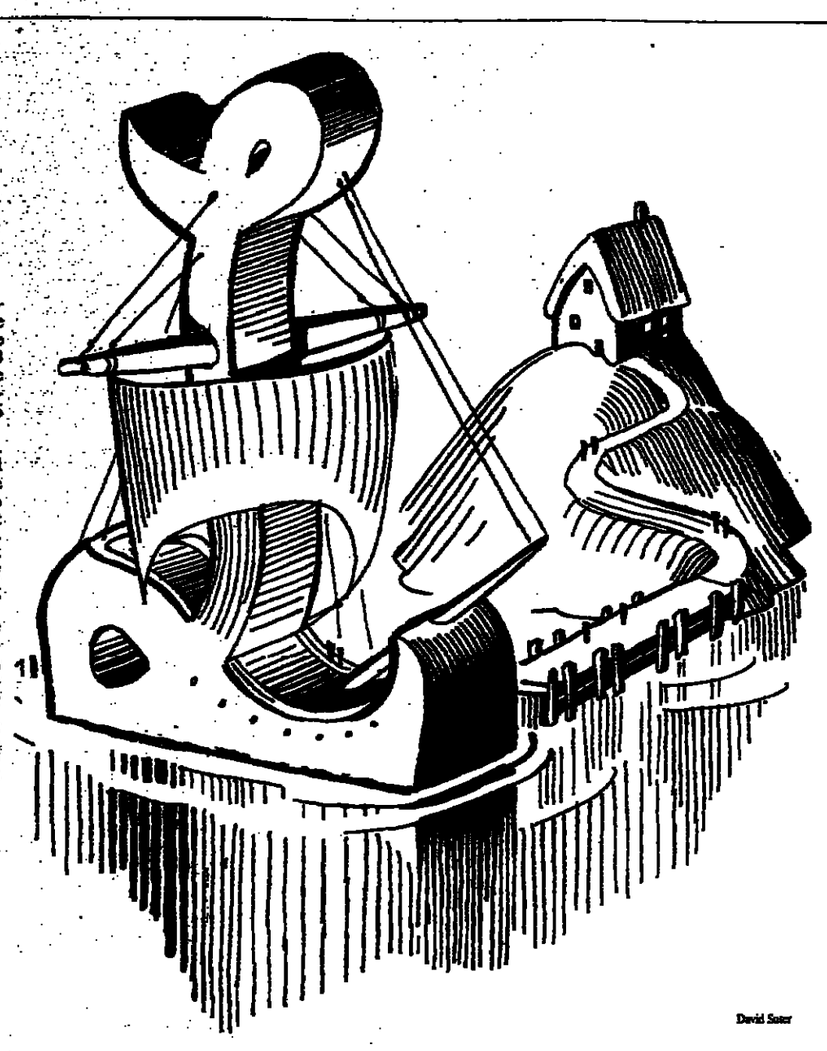
Now he believes the island has a supervision system that is "the toughest and most up-to-date" of any offshore center. "We believe our standards are as high as those of the Bank of England," he says, "though they are less complicated to follow and easier to administer. We have also offered a model for others to follow."

A total of 31 conditions are attached to a full banking license issued under Section 3 of the Manx Banking Act and there are 58 licenses granted. Most are held by banks but the number also includes a handful of other deposit-taking institutions and building societies (savings and loan associations). There are also 52 Section 7 licenses held by investment companies.

All the main British banks are to be found in Douglas and there is also the Isle of Man Bank, 125 years old this year and now part of the National Westminster Group. Barclays has a particularly strong presence and in May 1989, the bank established in Douglas one of its international banking units, which are found all over the world and are dedicated, in luxurious surroundings, to the interests of rich clients with worldwide interests.

A new addition is one of the most glittering names in British private banking, Coutts and Co., bankers to the Queen of England. Coutts has only two other locations in finance centers, in Switzerland and the Bahamas. There are also Douglas offshoots of sound London merchant banking names like Rea Brothers and Singer & Friedlander. And there is a scattering of non-British interna-

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David Suter

Offshore Success Tested By British Uncertainties

Still Full Speed Ahead for Financial Sector

By Kathy Crebbin

DOUGLAS, Isle of Man — At the beginning of the year, the Isle of Man was bracing itself for fallout from the predicted severe economic recession in the United Kingdom. And while the anticipated scale of the troubles might not have materialized, the backlash of the harsh measures taken by Chancellor of the Exchequer John Major has put the buoyant Manx economy through its toughest test yet.

As a politically independent crown dependency, the Tynwald, the island's Parliament, has had virtual total freedom since the mid-1980s to build an international offshore financial center to rival both the Channel Islands "at home" and those further afield. To do this, it has offered a combination of accessibility and stringent investor-protection legislation.

And the hectic pace of the past three years has resulted in a financial metamorphosis that could only have been dreamed of when the present administration took office three and a half years ago and embarked on a five-year plan to turn around the Manx economy.

The island's deposit base has doubled to stand now at an estimated £6 billion ($10 billion), and the same period has seen the island return to almost full employment from a solid bank of 2,000 jobless. (The population is about 69,000.)

The Isle of Man became the first British offshore island to gain designation under the 1986 U.K. Financial Services Act for the marketing of its financial products. It marked a watershed for both the Treasury, which promoted the Manx Financial Supervision Bill, and the Financial Supervision Commission, which is responsible for implementing it.

"Cross-designation" soon followed with the Channel Islands and now the the island is poised to strike a similar reciprocal deal with Hong Kong. And with 1992 approaching, Central Europe also beckons, as well as opportunities opening up in Eastern Europe.

Spurred on by the Manx government's welcome mat and the proximity to both Britain and the Continent, the big-name banks, international ship groupings and financial services operations continue to flow in and expand, despite spiraling interest rates.

But while fiscally independent, the island is still subject to the vagaries of the British economy. And vital to the Isle of Man's overall "master plan" is Prime Minister Margaret Thatcher's own dictum of building an economy on "sound money." The current administration, now just over halfway through its five-year legislative term, has proceeded to introduce a series of innovative tax-cutting budgets, while at the same time steadily building up reserves.

The former chancellor, David Cannan, brought down the basic rate of income tax for Manx residents to 15 percent. But his successor, the new treasury minister, Don Gelling, refrained from further widening the tax differential with Britain in his first budget in May following a midterm reshuffle. The threshold at which the higher 20-percent rate becomes payable — £8,000 for a single person and £16,000 for a married couple — also remains the same.

He switched the emphasis instead to less potentially inflationary measures aimed at strenghtening the

Big-name banks, international ship groupings and financial services operations continue to flow in and expand.

foundation of the island's steadily growing economy. And that meant helping those who had often felt "left out" by previous budgets.

Personal allowances were increased by 25 percent and a unique initiative taken to help 6,500 of the island's pensioners over 75, who will all receive a £7.50 "premium" on top of their current pension starting this autumn.

Manx pensioners already enjoy free bus travel and many will soon have free drivers' licenses.

"Over the last few years there has been rapid growth in the economy, principally in the financial and industrial sectors," says Mr. Gelling, who formerly held the agriculture portfolio. "The rate of that expansion declined last year, but the present indications from the finance industry are that the rate of growth is beginning to accelerate again, but at a more steady pace.

"The fruits of this expansion in terms of income tax receipts materialized, particularly during the financial year just ended, was that we recorded the largest ever increase in income tax during the year and allowance has been made for another substantial rise in tax receipts in 1990-91."

Unemployment remains low, although there was a slight increase during the winter. "But there is every indication that the economy will continue to be

Continued on page II

Economy Balances Vital Sectors

Manufacturing and Construction Contribute to Growth

By Kathy Crebbin

DOUGLAS, Isle of Man — The finance sector is now by far the Isle of Man's biggest earner. At £77 million ($123.2 million), it accounts for a quarter of all income generated.

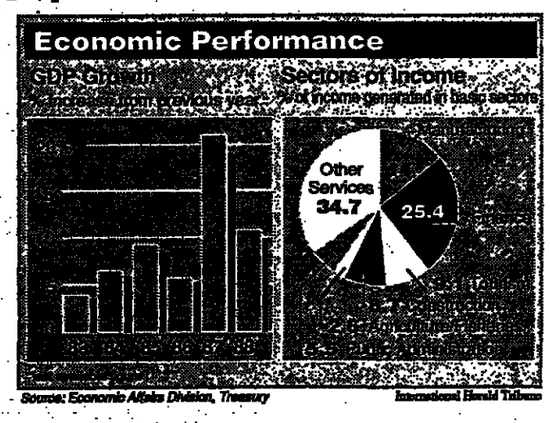
But the latest national income report — the island's major economic indicator — shows that the Manx economy is not as dependent on the success of its finance community as its "home" rivals of Jersey and Guernsey. Finance sector income there represents around 40 percent of gross national product.

The report compiled by the government's economic division shows that the Manx economy grew by 14 percent during 1987-1988, the most recent figures available, increasing the GNP from £292 million in 1986-1987 to £333 million.

But while finance is still well out in front, other vital sectors such as manufacturing and construction are also holding their own. These have also risen by 14 percent (£42 million) and 9.1 percent (£26 million) respectively.

The Manx government has always been conscious that long-term growth depends on broadening the island's economic base. They have continued to hammer the point home in recent policy reviews, and the latest national income figures are looked upon as a vindication of the administration's aim to create a high wage economy with zero unemployment.

But the government is only too well aware of the effects of troughs in the U.K. economy. The rate of expansion declined slightly last year, but present indications from the finance industry itself are that the rate of growth is now beginning to accelerate again, albeit at a more steady pace than that of the past few years.



Source: Economic Affairs Division, Treasury

International Herald Tribune

However, it is generally felt that government policy is now coming to fruition and fulfilling people's expectations of full employment and an increasingly higher standard of living.

At the same time, the island is building a soundly based economic infrastructure that is generating increased finance for other vital areas, such as education, health and social welfare.

Fundamental to this "good housekeeping" approach to managing the island's fast-track growth is striking a steady balance between finance and manufacturing.

The government feels it is vital that the island secures itself against any economic downturn in the world economy. While the Isle of Man can never be immune to a decline, there are ways to lessen the effects by encouraging more profitable and diversified operations to set up on the island.

With this in mind the government's industry department exercises a system of discretionary grants that has enabled some highly successful high-tech operations to set up on Europe's only offshore free port, based at Ronaldsway Airport. Although some potential newcomers have held back due to the effects of spiraling interest rates, building there has, nevertheless, continued. For example, De Beers' offshoot, Pacini, manufacturers of diamond-tipped precision tools for the coal industry, is now operating at full throttle and is in the process of further expansion.

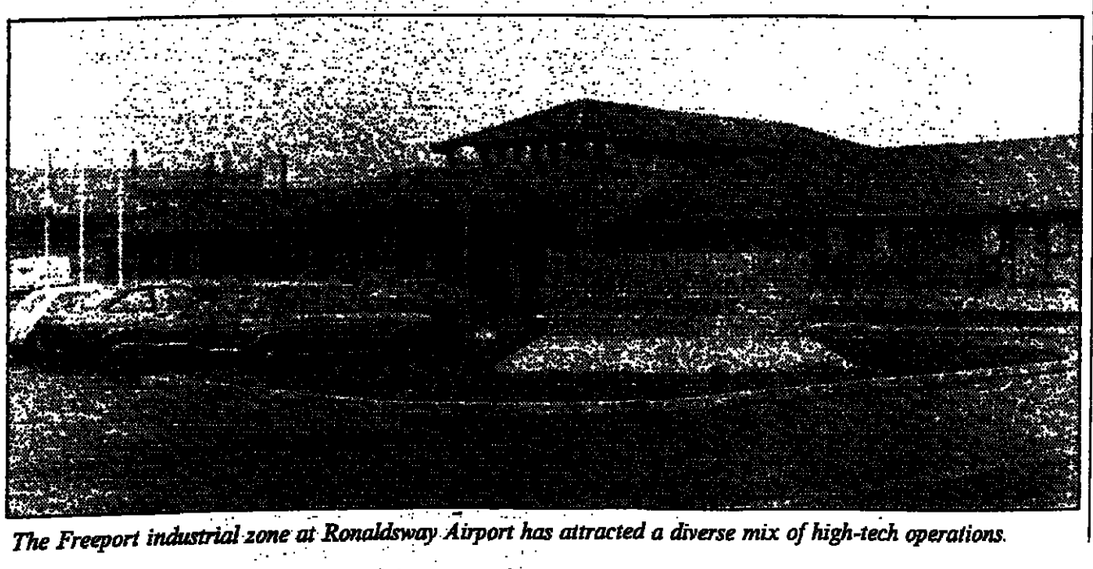
At the other end of the scale are smaller, highly specialized companies, many started with a combination of grant aid and seed capital, like Affinity Chromatography, whose Freeport operation in biotechnology was opened in the spring. The diverse mix also includes Hellberg International, makers of protective headgear for industry and Luxgene Technology, which nurtures high-quality plant products for world export. All have in common what the government refers to as "high value added" qualities, which means their expertise outweighs their respective staffing requirements. The Isle of Man is not in the business of attracting labor-intensive big industry.

AN ECONOMIC assistant, Mark Kelly, who helped compile the national income report, says it is interesting to note the manner in which the continued success of the island's finance sector has increased incomes in the professional services sector, which included many of those employed directly or indirectly in financial activities such as accountants and lawyers.

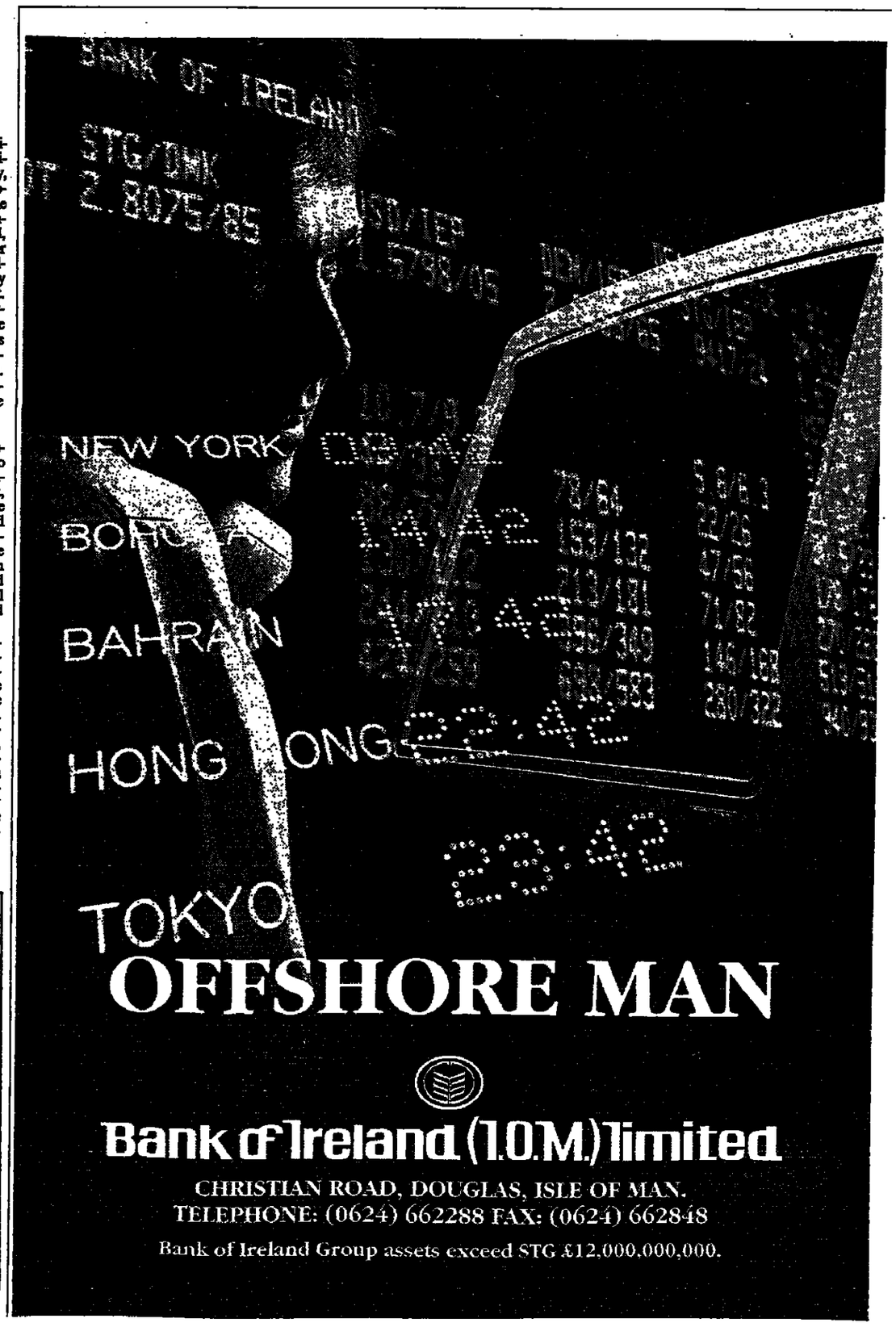
"Manufacturing income increased from £38 million in 1986-87 to £42 million in 1987-88, underlying the continued importance of this sector in terms of income and employment generation," Mr. Kelly points out. "The construction sector also performed well, benefiting from the general increase in business activity, with a total income exceeding £26 million.

An interesting feature of the analysis is the income split be-

Continued on page III



The Freeport industrial zone at Ronaldsway Airport has attracted a diverse mix of high-tech operations.



Ship Registry a Boon to Economy

Tax Benefits Lure Fleet Owners to Sail Under Manx Flag

By Alistair Ramsay

DOUGLAS, Isle of Man — The names of seaside towns in the Isle of Man can be seen on the sterns of ships all over the world as the "home" ports of vessels that have never been near the island and are far too large for its harbors.

A total of 126 vessels from supertankers to coasters, nearly two million tons of shipping, currently sail under the Manx flag, compared with only 26 ships just over six years ago. The growth of the Manx Shipping Register is another dimension of the remarkable development of the island's offshore economy in the latter half of the 1980s.

Clearly, it is convenient for shipowners to register their fleets in the Isle of Man, but the Manx authorities fiercely reject any suggestion that theirs is a "flag of convenience," implying poor safety and crewing standards.

The man at the helm of the island's shipping industry is Captain Geoff Davis, chief marine surveyor with the Manx government's Marine Administration Department in Douglas.

"The Manx flag is not a flag of convenience because we apply high standards of safety and manning on virtually the same level as the British flag," says Captain Davis. "So far, the British seafaring unions accept that what we are doing is not a flag of convenience operation, and the International Transport Workers Federation has accepted their guidance on that."

Manx shipping law requires ship managers to be based on the island so that they are accessible and accountable to the Marine Administration. The vessels themselves are visited and inspected when they transfer to the Manx flag, and then at least once every five years thereafter. The department's team of eight surveyors travels the world checking up on "Manx" ships in ports such as Singapore and Hong Kong.

About 4,500 men are employed on Manx-registered shipping, and more than 70 percent of officers and crewmen are British. There is no legal requirement covering the nationality of the crews, but in most cases crewing arrangements have been acceptable to the British unions.

The situation is different for officers, who by law must have qualified in Britain, the Commonwealth, the European Community or Norway.

"The shortage of seagoing personnel is showing up now, and owners are casting their nets wider," says Captain Davis. "We are looking at the possibility of widening the scope of eligible officers, ensuring that they are qualified under International Maritime Organization conventions."

Ships have been registered in the Isle of Man since 1786, and for many years registration was handled by the British-based Customs and Excise office. When a local Customs and Excise operation was set up on the island in 1980, a separate marine section was also created.

The turning point was the Merchant Shipping Registration Act of 1984, passed by the Manx Parliament in response to ship managers who wanted to register vessels in the Isle of Man on behalf of their clients. Another act passed that year exempted shipping companies from local tax if they based themselves in the Isle of Man.

The Manx register has developed at a time when the British merchant fleet, once one of the world's largest, has been in sharp decline. British ship owners have been looking for alternative bases for their vessels to escape what they regard as onerous and uneconomic manning agreements won by the unions during the days of labor power in Britain in the 1970s.

Reluctant to compromise over the British fleet, the unions have been prepared to renegotiate contracts of employment with owners who transfer to the Isle of Man. Leave is less generous, but in the unions' view, the Manx register is preferable to seeing British seamen's jobs disappear completely through transfers to the "flags of convenience."

Apart from lower crewing costs, tax exemptions, and ease of transfer, another big attraction of the Isle of Man register is its reputation and acceptability around the world. "There is none of the hassle that 'flag of convenience' ships encounter in some countries," says Captain Davis.

About two-thirds of the ships on the Manx register have been transferring from the U.K. flag, and most of the remainder have come from other parts of the EC. Big British owners like Shell, Rowbotham's, Stephenson Clark and Maersk account for roughly three-quarters of the total.

"Inquiries at the moment indicate potential for further growth, and one owner has five more ships in the pipeline for transfer over the next six months," says Captain Davis.

ONE obstacle, however, is the strict ownership requirements imposed by a U.K. act applied to the island in 1988, under which all ships on the Manx register must be British-owned.

"This is not workable in the 1990s because the financing of shipping no longer comes from the traditional sources, and the cash behind ownership comes from non-British sources," says Captain Davis.

Another potential influence on the future of the Manx shipping register is developments associated with 1992 harmonization in Europe. Says Captain Davis: "I can't see any specific problems regarding 1992, but a lot will depend on the EC Commission and the Common Maritime Policy. We are prepared to match EC general requirements, but not to harmonize all the way on shipping because that would make us less cost effective.

"We would need to be acceptable to the EC if it introduced severe cabotage requirements, but the Manx ships involved in cabotage around Europe are British-owned. That fact, we hope, would allow them to continue."

The changing status of Hong Kong in 1997, meanwhile, is seen as an opportunity to boost the Manx register, with many owners and shipping companies expected to leave the colony. In any event, it is recognized that further growth will have to come from sources beyond Britain.

For the people of the Isle of Man, one of the principal benefits of the register has been in the associated growth onshore of ship management business, which currently provides more than 200 jobs on the island.

The existence of a reputable register was one of the factors attracting ship management companies, though not all the ships managed from the island are registered there. For example, Wallem's, one of the 10 active companies based on the island, has 48 ships on the Manx register but manages more than 100 vessels.

Most of the ship management companies are part of international shipping groups, and provide such services as personnel administration, commercial management, operational management of vessels, technical management, feasibility studies and consultancy.

The presence of ship management offices in the island's towns, and the employment they provide, are the most visible local aspect of an important industry that is flying the Manx flag far beyond the shores of the Isle of Man.

ALISTAIR RAMSAY is on the staff of the Manx Independent, a twice-weekly publication.



I. Allan Cash Ltd.

The growth of the Manx Shipping Register has meant more jobs in Douglas, above, and in other port towns.

Aid and Incentives Aim at Expanding Island Industry

By Terry Cringle

DOUGLAS, Isle of Man — The economy of the Isle of Man has been utterly transformed in the last two or three decades. What used to be the dominant sector, tourism, has suffered badly from the attractions of package holidays on the Mediterranean coast of Spain. As a result, new sectors have had to be developed and one of the remarkable success stories is told by the industrial sector.

The finance sector is by far the dominant one at the moment, with its 25 percent contribution to national income. But in second place is the manufacturing industry, with 14 percent, compared with the 9 percent that is now the lot of tourism. The industrial sector also employs more than 3,500 people, making it the biggest employer on the island outside the Manx government itself.

Today, the drive to expand manufacturing in order to keep on broadening the base of the economy is as urgent as ever. "It is our policy to promote the continuing growth and diversification of the industrial sector and export businesses within the service sector in order to increase their contribution to national income and to extend the range of employment and income-earning opportunities accessible to Manx residents," says Ken Bawden, chief executive of the Manx government's Department of Industry.

"The sector is already well diversified, with efficient companies undertaking a wide variety of activities. The government's aim is to foster the kinds of investments that will help to maintain a sound balance of diversification and increase the level of exports from the island."

To encourage all this, the government offers a package of aid and incentives that it claims to be "among the most attractive in the Western world." Capital grants are up to 40 percent of the cost of new buildings, building improvements, new plants and machinery. There are also operating grants up to 40 percent and assistance on training and marketing costs and energy conservation along with loans up to 50 percent on working capital requirements at attractive interest rates.

The package also includes rent reductions, substantial first-year capital allowances on investment and, as an alternative to the package, income tax holidays for up to five years.

But all this is not to say that Mr. Bawden's department will take anything and anybody that comes along. Heavy industry is out of the question. It has to be industry that does not impose unacceptable development on the island's exceptionally unspoiled environment.

This is why even light engineering firms, of which the biggest is the 600-employee Ronaldsway Aircraft Company, which makes components for the Martin-Baker aircraft ejection seat, tend to be in low-profile factories.

And there is no question of there being chimneys belching thick smoke into the "sweet mountain air" enshrined in the words of the Manx national anthem.

One of the basic problems for a company seeking to set up an operation on the island is the cost of sea and air freight to and from the mainland of Britain and beyond. This is always a critical part of the financial equation. As a result, the ideal profile of a Manx company is one that deals in raw materials and finished products, which are small in scale but high in value.

This may explain a great deal about the presence on the free port of a De Beers' offshoot involved in the processing of diamonds for high-tech industrial use; and also why perhaps the ideal industry is Ballakinnish Nurseries, a vast garden under glass near Douglas, where the artificial electric sunlight is hardly ever switched off in order to sustain one of the largest outputs of freshly grown roses in Europe. Ballakinnish has no need to import raw material. What it sells grows out of the Manx soil.

The free port itself, on a 20-acre (8-hectare) site alongside the island's airport, Ronaldsway, is a highly interesting and carefully developed new area of industrial enterprise.

Direct imports and exports take place using trans-shipment arrangements through the United Kingdom. Activities include assembling components for export, improving semi-manufactured goods for export and generally processing and storing goods destined for the European Community and beyond.

And all within an enclave — a high-security enclave — that operates outside normal customs procedures and without payment of duty.

"It is also worth noting that the Isle of Man Customs and Excise Service is completely independent and readily accessible to the local community in providing an efficient and responsive service," says Mr. Bawden.

And what of the future? Developments in the United States, especially in relation to science and business parks, have not gone unnoticed by Manx entrepreneurs. Just such a park is now being developed by a group called Shoprite on land in Victoria Road, Douglas, where, significantly, there was once a large holiday camp.

"We are making excellent progress," says Bernie May, the industry minister, whose appetite for the development of private industry is not inhibited by his Labor Party affiliations. "And we have great confidence in the future, especially with the single European market coming along. We are in a unique position to make the best of the opportunities ahead."

TERRY CRINGLE is an Isle of Man-based journalist and broadcaster.



Shipping continues to play an important role as the industrial sector expands.

Loss of Appetite for Equities Gives Lift to Currency Funds

By Brian Martin

LONDON — Currency funds managed by U.K. institutions really took off in 1979, when the Conservative government abolished exchange controls. However, the funds were unable to gain approval from the Department of Trade and Industry to operate as authorized unit trusts so they had to move offshore. And for non-U.K. residents, the tax advantages of investing through the Isle of Man and the high degrees of confidentiality prove attractive.

The main tax advantages from operating out of the Isle of Man go to non-U.K. residents. Since 1984, any profits realized on the sale of offshore currency funds have been taxed by Britain's Inland Revenue Service as income rather than capital gains. But for a non-U.K. resident, domestic tax authorities have no jurisdiction over earnings in the Isle of Man until the profits are repatriated. Therefore, by rolling on (compounding) interest, investments there are nontaxable. Earnings are also not subject to inheritance tax.

"I feel that investors opt for the Isle of Man rather than the Channel Islands because of the greater degree of confidentiality," says Martin Travers, investment manager at IBI Managers IoM Ltd., who is involved in the running of IBI's managed currency, which has £26.9 million ($45.73 million) under management.

Over the past year, IBI's managed currency fund has yielded a return of 17.3 percent, compared with 14 percent for their equity fund and 11 to 12 percent for bonds.

John Sharman, adviser to Allied Dunbar Insurance's managed currency fund, cites "legislation, availability of staff, proximity, language and demand" as their reasons for starting a managed currency fund on the island.

Unlike other investment vehicles such as equities and bonds, currencies cannot all fall in value at the same time. On the dollar/Deutsche mark cross, if the dollar falls, by nature the mark must rise, and vice versa. It is this unique characteristic of the foreign exchange markets that separates currency investments from either equities or bonds.

Both the stock market crash of October 1987 and the increase in international interest rate volatility and inflation fears over the past year have tarnished investor appetite in the equity and bond markets, as witnessed by the higher percentage of cash weightings in international portfolios.

Investors now appear eager to protect principal and gain a risk-free rate of return on a proportion of their assets, while still remaining highly liquid. Managed currency funds provide such an investment. In theory, investors should benefit from currency appreciation while also picking up the yield on short-term money-market instruments.

> The advantages of these funds are that they tend to be low-risk and are cheap to operate in.

But one problem associated with currency funds has been the large swings in foreign exchange rates over the past few years. While volatility is necessary to make money, investors have perceived currencies as being very speculative. However, by investing in a basket of currencies, currency and fund managers are able to reduce volatility and thereby reduce the risk to an investor of a large drop in a single currency.

Also, many of the fund managers take the opportunity to hedge their underlying exposures in different currencies. However, under Isle of Man regulations, the fund manager can only hedge from the currency of asset into the currency of pricing, which in most cases is the dollar.

"In most circumstances we would tend to use options to hedge our underlying exposure but again this depends on the circumstances and the price of options," remarks Mr. Sharman. "If we are in deposits which are about to mature and we like the currency, then we will just hold the currency and buy new deposits. But if we feel that the currency is going to fall out of bed, then we will hedge."

Allied Dunbar's managed currency fund at present is roughly 18 percent in yen, 10 percent in DMs, 27 percent in French francs and 44 percent in sterling. All investments are made in short-dated bonds and deposits. "Our aim is to maximize interest rate gains while also gaining on currency movements," says Mr. Sharman.

The advantages of currency funds over other funds are numerous, they tend to be low-risk and are cheap to operate in, for example. In the case of IBI's managed currency fund, the charge is 1 percent, built into the price. Participating in equities can cost up to 5 percent while bond funds can cost as much as 3 to 4 percent. Third, the investor can take advantage not only of the fund's growth, but also of any currency appreciation.

In the main, currency funds tend to invest in short-dated (one year or shorter) fixed income and deposits, which allows them to remain highly liquid. Obviously, by minimizing the time horizon of investments, the exposure to interest rate fluctuations is minimized. On the deposit side, the last year has allowed investors to pick up maximum returns at virtually no risk while the funds can also benefit from any reduction in interest rates.

IBI's managed currency fund tends to be 60 percent in sterling but there are no fixed parameters, with the rest denominated mainly in dollars and marks. "We position ourselves so as to gain maximum advantage of exchange rate fluctuations while also trying to maximize the interest return," says Mr. Travers. "Most of our investments tend to be short term so that we can maintain liquidity."

But there can be disadvantages for a domestic currency investor whose domestic currency is very strong and not expected to fall. For example, if an investor was working out of a sterling base in the first half of last year, currency gains from being invested in dollars, DMs, French francs, etc., were almost minimal. And from a sterling investor's point of view, the pound's strength over the past number of months would have eliminated many of the gains that would have been made toward the end of last year. For example, over the last six months Allied Dunbar's managed currency fund, measured from a sterling base, has only returned 2.1 percent, considerably less that what an investor would have got in a building society. But then again, it has performed considerably better than equities.

"We do not really market this product to domestic U.K. investors," Mr. Sharman points out. "Our main clients would be expatriates and overseas investors who are poised to make the most. And we are not in the business of competing with bank deposits either."

WHILE the advantages for overseas investors investing in the Isle of Man are numerous, there are a few disadvantages, the main one relating to the EC and Europe after the single market is established at the end of 1992.

"We decided to move our currency fund to Luxembourg," says a fund manager at Barclay Trust. "The main reason for this was because we wanted to make sure that we took maximum advantage of the integrating European financial scene. At present, it is unsure as to whether of not the island will become a full member of the community, decide to go on its own or become an affiliate member."

Christopher Moore, at Mercury Fund Managers IoM Ltd., feels that there are many advantages to operating out of the island, citing benefits on the tax side, the island's reputation as a financial center and the high degree of confidentiality offered to investors.

But Warburg Fund Managers IoM Ltd. do not actually run any currency funds at the moment out of Douglas. "Our four currency funds, which are sterling, U.S. dollar, Deutsche mark and yen based, are registered in Luxembourg," says Mr. Moore. "The main reason for this is because under IML regulations we are allowed to hold up to 10 percent of our funds in options. We couldn't do this in the U.K." However, this situation may change.

BRIAN MARTIN is the editor of Euromoney's Treasury Report.

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Offshore Success Tested by Uncertainties

Continued from page I

> In the local housing market, which has been enjoying a boom, prices have stabilized or fallen in some cases.

buoyant," says Mr. Gelling, "and the problem is likely to be more one of a shortage of labor with the right skills in several sectors of the economy rather than unemployment."

Interest rates and inflation have risen generally in line with the figures for the United Kingdom. But Mr. Gelling is confident that both will start to fall around the end of this year.

In the local housing market, which has enjoyed a boom over the past few years, prices have stabilized or fallen in some cases in the last six months, he points out, and the supply of houses is now more equal to demand than it has been for a number of years.

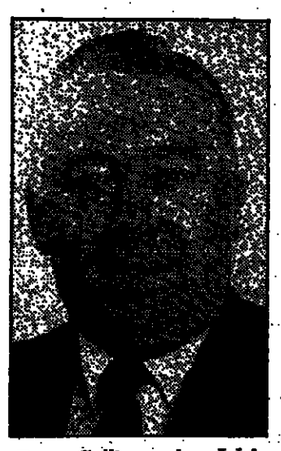
"But I acknowledge that first-time buyers still find it difficult to obtain the houses they can afford easily," he says. "Government has made available both land, houses and finance to help the situation."

THE UNDERLYING "carrying and sharing" thread of government policy has been given importance since the launching of the island's new-look economy based on banking and financial services. It was not difficult to predict that attracting wealth as an "industry" could have had devastating effects on the indigenous Manx population, especially the lower paid, if measures were not taken from the beginning to counteract what could have become a serious social divide.

Mr. Gelling stresses that, like his predecessor, he has attempted to "pass on some of the benefits from the growth in the economy back to the people of the island," whether they pay tax or not. "It is fairly easy to demonstrate the benefits to be received by those who pay tax because they receive increased personal allowances," he says. "However, whatever the benefits given in way of tax concessions, there are always some who claim that the budget has done nothing for those who pay no tax."

Mr. Gelling adds: "Although it's fairly obvious that you cannot reduce the tax burden on people who pay none, it should be remembered that a large part of the Isle of Man budget each year is spent on health, social security and education, and within the budgets for those services are millions of pounds to help everyone."

KATHY CREBBIN is business editor of The Courier Group.



Don Gelling, the Isle's treasury minister.

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Isle of Man / A Special Report

Captive Insurers Wary of Rivals

International Business Helps Island Meet Dublin Challenge

By Philip R. Moore

LONDON — The long arm of *perestroika* seems to be spreading even to the Isle of Man. The Soviet shipping company, Sovcomflot, is one of the largest groups outside the United Kingdom to study the island's potential as a home for a captive insurance company to insure its 130-vessel fleet.

The news is a fillip for the island. Quite apart from the recent re-emergence of a furor over the collapse in 1982 of the Savings and Investment Bank, which does little to enhance the island's image as a leading offshore banking center, Douglas feels increasingly threatened by competition from elsewhere. A survey, undertaken late last year, found that several companies on the island are deeply concerned that Luxembourg and Dublin, with its new International Financial Services Center, are attracting not just potential Isle of Man clients but even existing ones.

That Dublin needed to be taken seriously became apparent last year, when BMW, the automobile manufacturer, chose the Irish capital as a home for its captive, to be managed by Sedgwick. Other prominent names from Europe — among them Pharmacia and Ericsson from Sweden — have done the same. Dublin's tax rate — 10 percent on profits derived from premium income and investment income — has been given EC approval up to Dec. 31, 2000, and Ireland has favorable double taxation agreements with the EC, while the Isle of Man has such an arrangement only with the United Kingdom. The island is not in the EC, nor is it likely to become a member.

Naturally, Manxers and Dubliners alike insist on the brightness of their future. "We have the infrastructure, the experience and the professionalism," says Bill Hastings, the island's insurance supervisor, "and we are ready to take on more volume."

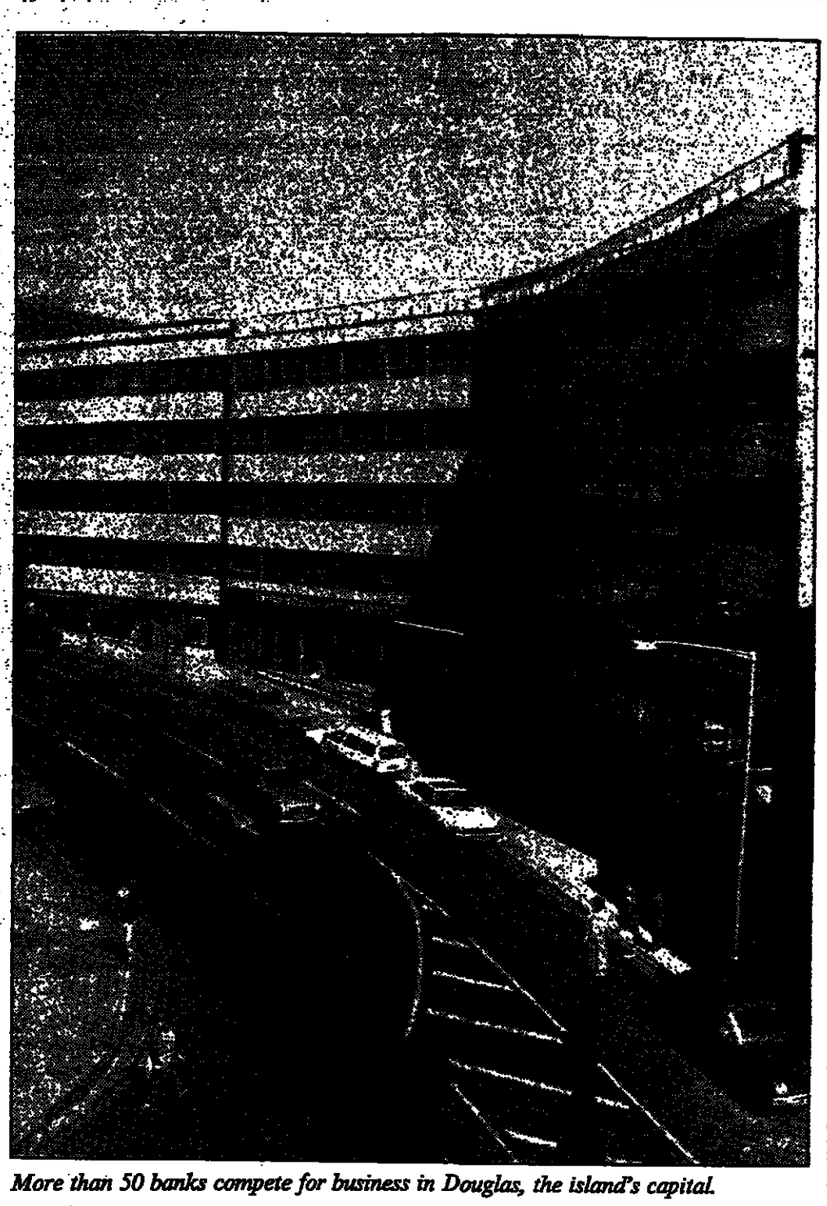
In Dublin, Paul Cronin, of the International Financial Services Center, is confident that Ireland will continue to attract large European multinationals. Last year, according to Mr. Cronin, Ireland focused on Swedish and German companies, as they enjoy the most favorable tax relationships with Ireland. This year, the target companies are the multinationals in Britain and France.

But in spite of the perceived or real threat from other offshore banking centers, The Isle of Man continues to attract a healthy stream of new business. The island authorized more than 20 new captives last year, which was a record. One Manx fund manager attributes the fashion to the British merger mania of the 1980s. "Corporate treasurers began to realize that they were big enough to justify setting up captives," he says.

Many of the more recent arrivals on the island are the large privatized U.K. groups, among them Jaguar, British Telecom, British Steel and British Gas. But the newcomers are not exclusively from the U.K. mainland. Fiat has a captive on the island, as do a number of German companies.

"We're becoming more international and attracting business from beyond the boundaries of the EC, despite the apparent threat of 1992," says Mr. Hastings. He adds that the increasing energy of the competition from Ireland and the Continent may even work to Douglas's advantage, simply because the very existence of competition may galvanize the island. "The Isle of Man can't afford to ignore what's happening elsewhere, and will have to look at itself much more firmly in the future," he says.

So why should companies look to the Isle of Man, as opposed to the Channel Islands or the Caribbean, to establish captives? British Gas, which was the first company to set up a captive under the new Insurance Act of 1986, chose the island for two principal reasons, according to David Thornton, of the company's insurance department. First, it enjoys excellent communications with the United Kingdom and has an advanced infrastructure. Secondly, its legislative framework was at the time substantially more favorable than Guernsey's.



More than 50 banks compete for business in Douglas, the island's capital.

Companies that only insure risks external to the island qualify from complete exemption from Manx tax on underwriting profits and investment income, and on amounts paid to nonresidents as dividends or directors's fees. Guernsey, meanwhile, levied taxes on investment income, giving Douglas a clear advantage. Guernsey has since rewritten its tax laws and immediately clawed back much of its market share in 1988. Guernsey is host to more than 170 captives, while the Isle of Man now has over 80. The Isle of Man's insurance supervisors do not publish precise data on premium volume, but it was estimated at around $3 billion to $4 billion in 1989 — growing, but still a far cry from the volume in the world's leader, Bermuda, which is in excess of $10 billion.

Many of the world's leading international fund managers, Robert Fleming and others, have a presence on the island and are devoting an increasing amount of energy to captive portfolio management, although a veil of secrecy hangs over the way in which the money is invested. "With interest rates so high," says one fund manager, "an awful lot of the money is on deposit. We buy the odd CD [certificate of deposit] or short-dated bond, but it's almost liquidity or treasury management rather than classical investment management."

PHILIP R. MOORE is a financial journalist based in London.

Manx Dangle Fiscal 'Carrot' To Get White-Collar Expertise

Special to the IHT

LONDON — The Isle of Man is one of those unusual places within the British Isles where members of the financial services community would welcome a Labor government in Whitehall. As one Douglas investment manager says of the British government, "They can't legislate us out of business, but they could perhaps tax us out of business."

The Isle of Man is a British Crown dependency, and as such, enjoys complete fiscal independence from both London and Brussels. It neither contributes funds to the European Community, nor does it receive any financial support from the EC. There is free movement of industrial and agricultural goods between the island and the member states, as Douglas has a special relationship with the community under Protocol 3 of Britain's Treaty of Accession. There is no such free movement of labor, so that Douglas is at liberty to pick and choose whom it sees fit to admit to the island.

But the island is also in constant need of imported financial expertise, and one of the carrots it dangles before the eyes of financiers who contemplate relocating there is its attractive fiscal regime. "The biggest threat," says the fund manager, "is of a Conservative government driving income tax on the mainland down — 10 percent, 15 percent, or even 20 percent could potentially do a lot of damage here." This is partly because the island is not a tax haven in the sense that Bermuda is.

The standard rate is 15 percent, with the single person's allowance currently set at £5,000 ($7,900). but bankers commanding salaries comparable with London's would pay the higher rate of 20 percent, which is also the prevailing corporate tax rate on the island.

There are, however, plenty of other fiscal attractions. There are no death or estate duties, no inheritance or gift taxes, no capital gains tax, and no community charge (poll tax). Additionally, property prices compare very well with those near other financial centers. A four-bedroom country house on the island would currently fetch around £150,000. And finally, Manxers insist that their quality of life is far higher than that on the British mainland. Population density is about half that of the United Kingdom and about one-eighth of Guernsey's. Sports and recreational facilities are abundant, and the island's airline, Manx Airlines, boasts one of Europe's newest (if smallest) fleets and operates frequent flights to London and a score of other mainland cities.

THERE ARE, inevitably, downside features, one of which is that the Isle of Man, with an average summer temperature of about 60 degrees Fahrenheit (15 centigrade), can scarcely offer its inhabitants the sun-related attractions of Bermuda or the Cayman Islands.

To join the island's celebrated list of inhabitants, expatriate residents new to the Isle of Man have to convince the authorities of their credentials. But in assisting potential new residents, Douglas has to reconcile two apparently contradictory imperatives. The current population is around 69,000, and the island's demographics mean that this figure would fall substantially were it not for the influx of expatriates, although the Manx authorities view 75,000 as an upside limit if the island is to maintain what residents describe as its "space."

Bill Hastings, the island's insurance supervisor, insists that there is "definitely no closed-door syndrome here, although obviously we wouldn't want to let in any Tom, Dick or Harry." Here is Douglas's dilemma: The colossal expansion recently seen in the finance industry has created a corollary demand for skilled professionals. Fifty-two banks now have operating licenses on the island, and between 1987 and 1989, employment figures within the finance industry increased by 100 percent. Some new posts within the island, according to Mr. Hastings, are advertised locally and filled by resident Manxers; but for many of these, the island needs to look to the British mainland.

Nor is the need to attract professionals from elsewhere restricted to the financial industry: The Isle of Man is also keen to develop its fledgling manufacturing industry, to which the new free port next to Ronaldsway Airport testifies. Here, a number of incentives are on offer to potentially lucrative enterprises, among them governmental financial assistance and tax holidays. Manufacturing accounts for about 14 percent of the island's total income, finance for over 25 percent, and tourism for 9 percent.

This need to welcome new residents, as long as they can make meaningful contributions to the island's economy, is at the core of Douglas's immigration policy. A

> A population of 75,000 is seen as the upside limit if the island is to maintain what residents describe as its 'space.'

recent report by the island's Executive Council, entitled "The Management of Population Growth," went to great pains to stress that pure financial wealth need not be the only criterion for admitting new residents, adding that "an acceptable economic contribution might be made by an applicant through his skills as an employed person or by the applicant working in a self-employed capacity or commencing a new business."

IT MIGHT reflect the wealth of the applicant through his liability to tax or his ability to invest. The applicant would have to show that he could contribute positively to the economic well-being of the island in some way, the report adds. Others have to demonstrate clear Manx origin, rather than some tenuous claim of Manx descent going back over several generations.

There is not, however, a consensus about the island's need to attract newcomers. "It is our view that the island possesses better indigenous resources than many firms operating here recognize," thinks Nicholas Owen, of Robert Fleming's Douglas office. "The need for training and professional qualification is no greater here than it is in other financial centers. Some firms seem to lack a long-term commitment to their staff's development, and the work permit regime should not be modified to suit this approach."

Philip R. Moore

Deposit Base Grows

Continued from page I

tional banks like Habib and the Bank of Credit and Commerce International.

There are, however, no American banks — only Riggs Valmet, the trust and corporate services arm of Riggs National Bank of Washington.

"We are mainly in the business of private banking," says Mr. Noakes's deputy banking supervisor, Michael Weldon. "We service the needs of U.K. expatriates to a large extent. There has been growth in our banking sector but it has been largely within existing institutions rather than by the way of an influx of new, glamorous names.

"Our deposit base is largely sterling although the latest figures show £326 million in non-sterling, indicating that the Isle of Man is something of a funnel for foreign investment into the U.K."

But all of this is not to say that the Isle of Man would not welcome blue chip names from the United States and other parts of the world, and a watchful eye is being kept on developments relating to the coming Chinese assumption of control in Hong Kong.

Certainly, the big names would find themselves in a banking environment to make them feel comfortable and secure. Before the SIB debacle the Isle of Man was something of a passive banking backwater in international terms, relying on self-regulation as the cheapest and best method of supervision. Now it has plunged into the mainstream of international banking control development. It is a member of the Offshore Group of Banking Supervisors Committee, which was set up by the Group of Ten industrialized countries to try and establish common international standards.

In the international banking game, the Isle of Man is still something of a junior player. The Channel Islands, for instance, which has a similar constitutional relationship with Britain but a much longer history as a finance center, have a deposit base of more than £40 billion.

But the Isle of Man knows all the rules, having learned them the hard way, and abides by them with a zeal rooted in the painful but eventually beneficial lessons of the SIB.

The Isle of Man also has a distinction that is perhaps unique in banking. The Lombard Bank in Douglas is staffed entirely by women.

Isle of Man Deposit Base

	£ millions	£ millions
	912	120
	1103	197
	1336	263
	1681	345
	2161	390
	2766	428
	3220	446
	4049	580
	4765	626

Source: Economic Affairs Division, Treasury IHT

Balancing the Economy

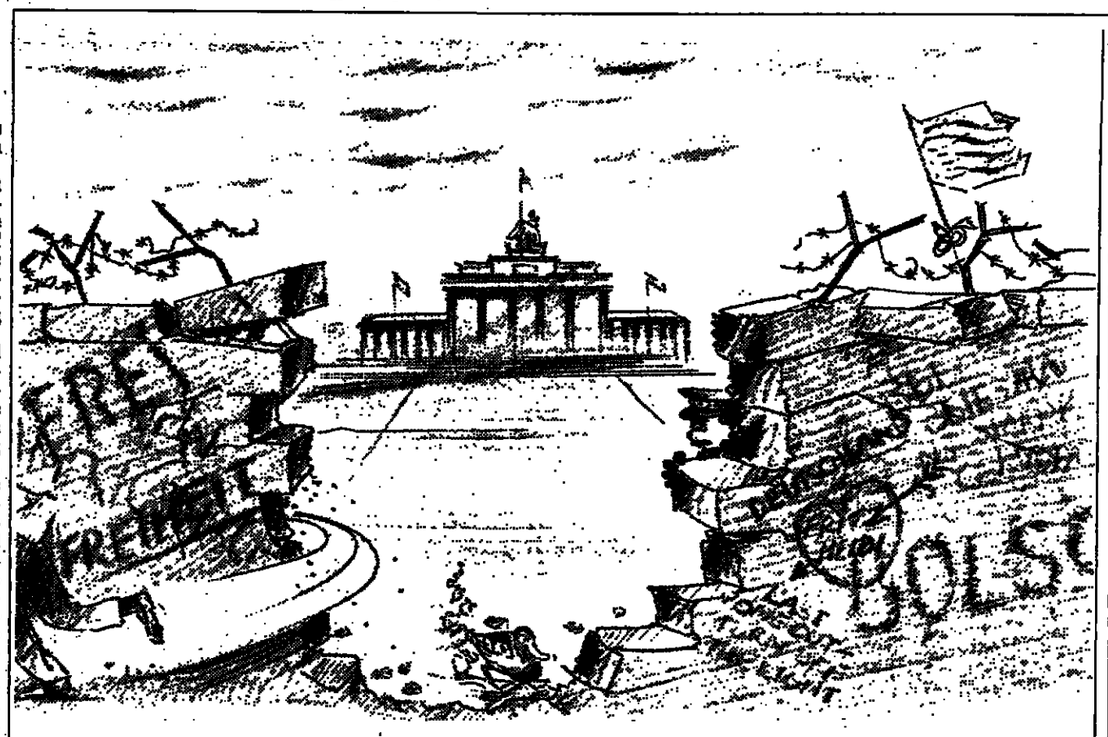
Continued from page I

tween individuals and companies. Company income from finance, at £59 million, represented 60 percent of total company income from Manx sources, underlying again the importance of this sector. In all other sectors, personal income exceeds company income. The sectors with the highest personal income totals are construction (£26 million), manufacturing (£31 million), and professional services (£32 million).

The report goes on to quote the government's "primary initial aim" of achieving parity with the United Kingdom on per capita national income and sets out the progress toward this target.

GNP per capita in the island rose from £4,547 in 1986-1987 to £5,127 in 1987-1988. Compared with Britain, the ratio has risen from 79 percent to 82 percent, which represents a significant increase, given a rising Manx population and sustained U.K. economic growth.

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Absolutely not, said our advertising agency. Spread your message across two pages, they said. Use bags of colour for maximum impact. Avoid newsprint, they said; it's deadly dull. You're selling a rainbow, they said, and you need the gloss.

We listened with wry amusement. These advertising people tend to get carried away at times. "We're not selling a rainbow any more than we are selling ice to the Eskimo," we said. "We're telling the serious investor about a unique and simple way to make profits on the world's major stock markets AND enjoy the safest offshore benefits for his money. Understand?

The art director's face fell. "Offshore Rainbow Bonds," he said, "surely require a rainbow visual. Something to catch the investor's eye, capture his imagination, you know."

We shook our heads. "This concept will appeal to his intelligence, not his imagination," we said. "Offshore Rainbow Bonds, despite their rather pretty name, are tangible, realistic vehicles for making a great deal of money. Innovative they may be. Unique they most certainly are. But it's logic, not impulse, that will make the thinking investor want to investigate them further."

There was a heavy sigh from the art director. "Will logic make him fill in the coupon?" he said. We detected a note of sarcasm.

The marketing manager was quietly confident. "Eagle Star International Financial Services has not got where it is today by underestimating the intelligence of the public," he said. "Those who want to make money will almost certainly wish to investigate the unique potential of Offshore Rainbow Bonds. However, if you insist, you may draw your usual pair of scissors on the corner of the coupon."

"In colour?" smiled the art director.

"Black and white will do nicely, thank you," we said.

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Financial Industry Takes Advantage of Best of Both Worlds

By Sonia Purnell

LONDON — Joining the European Community may not be good for everyone's health, but that could be what the Isle of Man, which is currently just a signatory to the United Kingdom's Treaty of Accession, will be forced to do in the next few years.

At the moment, as a popular international tax center, it enjoys the best of both worlds. It benefits from the EC free trade agreements but is not required to comply with the tax or corporate law harmonization directives leading up to the single market after 1992. It can, therefore, get away with its status as a low tax area, with rates currently at 20 percent for companies and a 20 percent top rate for individuals. It is the most successful tax planning center in Europe.

> The government is concerned that full entry into the EC could hurt business.

But the Douglas government is concerned that full entry into the EC would remove this privilege and seriously affect the island's ability to earn a living through its thriving financial services industry.

Local professionals expect financial services to contribute 50 percent of the island's gross national product within a couple of years. At present, no other international tax center is a full EC member. The Channel Islands, for instance, are outside the EC.

THE island's most-sought-after tax vehicle is the tax-exempt company, which operates entirely free from tax under certain conditions. It must have an office on the island staffed by directors but it must derive its income from offshore. It is not usually a "brass-plate" operation.

These companies can be used for a variety of uses such as an international royalty company, a finance company and a holding company. They are set up by both European-based companies as well as businesses elsewhere in the world.

Shipping companies also enjoy tax-free status on the island and those companies that make use of this exemption, including Shell's tanker fleet, also enjoy one of the world's highest quality supervisory regimes.

The government has recently given tax exemptions to managed banks. The managed-bank idea started some years ago in the Caribbean, where offshore banks wanting to set up an operation would come to an agreement with a bank already in the area, whereby the existing bank would manage a "cubicle bank" for them.

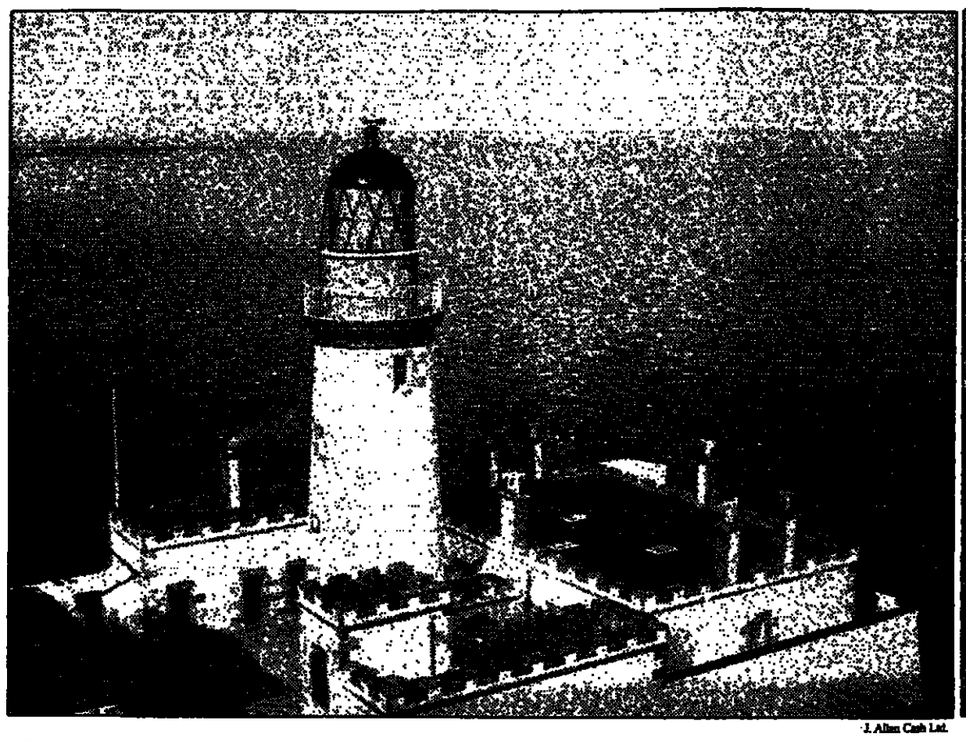
A number of accountancy and law firms and banks have congregated around the Atholl Street area in Douglas to provide international and multinational companies with specialist corporate financial services. Most have some U.K. connection, although there are some North American and Continental banks with specialist operations on the island.

TAX AND captive insurance are the two most important areas of work. The Isle of Man is one of the biggest captive insurance markets in the world. Captive insurance works like this: A manufacturing company, based in the United Kingdom, for example, has very high insurance costs; the company sets up its own insurance subsidiary on the Isle of Man, to which it pays its insurance premiums. The Douglas company then reinsures at a lower cost off the island, but making use of the island's tax-efficient environment, thus making a considerable saving for the parent. British Gas is one of the most active users of this market.

The island has more than its fair share of corporate finance advisers. By far the biggest accountancy operation is the Douglas office of Pannell Kerr Forster, one of the biggest of the second tier of London City accountancy firms. It has 11 partners and a staff of 130 on the island, far more than its nearest competitor, Peat Marwick McLintock, also a City accountancy firm.

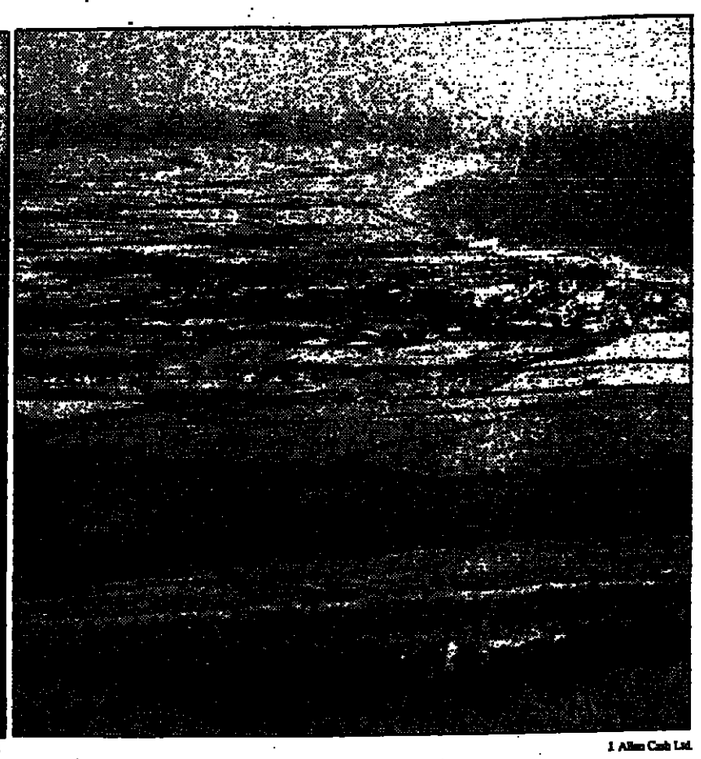
The island is also well served by lawyers — both local, who are called advocates and train under a different system from the United Kingdom, and offices representing or associated with the major London law firms. Most specialize in Manx-related areas of tax and insurance.

SONIA PURNELL is the editor of Corporate Money.



J. Allan Cash Ltd.

The lighthouse at Douglas Head, left.



J. Allan Cash Ltd.

A view of Ramsey Bay, on the northeast coast.

Tourism Goes Upmarket to Ride Out Leaner Years

By Richard Parslow

DOUGLAS, Isle of Man — The Isle of Man is renowned for its unique transport systems, with horse-drawn streetcars along Douglas Promenade, the steam railroads and the electric trams running through some breathtakingly beautiful countryside. Each method brings into easy walking range the castles of Peel and Castletown, Tynwald Hill at St. Johns, museums, craft shops, cafes, bars and the world's largest waterwheel at Laxey.

Despite all of its natural assets the island has suffered a rapid decline in tourism in recent years. Passenger arrival figures have fallen at an alarming rate, traditional holiday markets have disappeared and many hotels have been forced to close.

The island is slowly transforming to meet new demands and a great deal of private money has been invested in recent years in a bid to revive an industry that still generates around £30 million ($47.9 million) and between 10 percent and 12 percent of the national income.

Many hotels have changed to cater for more upmarket tourists, and now provide saunas, Turkish baths, health clubs and swimming pools, while the island's government is investing in tourist infrastructure.

It now boasts a leaner and fitter industry, providing a distinct and enchanting venue for international conferences, golfing holidays, and specialist breaks. The TT races at the beginning of June remain the cornerstone of the Manx holiday season, with thousands of motorcycle enthusiasts flocking to watch the event.

The island is well connected in traveling terms. It is less than an hour away by air and four hours by sea from all of Britain's major ports and cities.

Sea travelers can take advantage of the Isle of Man Steam Packet Company's year-round passages between the capital, Douglas, and the north Lancashire port of Heysham. Five adults traveling to the island on the Heysham ferry with a car on a round-trip basis during August can expect to pay around £258.

The island has a population of about 69,000 living in its 227 square miles (570 square kilometers) and, while all are English-speaking, the Manx language and culture are still proudly cherished.

Today, the island, with its own Manx law, is a crown dependency, owing allegiance to Queen Elizabeth II, and governed by the Tynwald, or Parliament. Manx history dates to Viking times and strains of Celtic and Norse mythology survive from the ancient invaders along with tangible evidence of their civilizations.

DOUGLAS is the island's main seaside resort, with a promenade that runs for two miles around the sweep of a magnificent bay. Douglas radiates an aura of the Victorian period and has 600 hotels and guest houses. It is also the center of entertainment with theaters, dozens of bars, discothèques and restaurants.

> While the traditional market has diminished in an era of cheap package tours, the island still relies on tourism to provide around 10 percent of its national income.

The traditional fishing port of Peel in the west, Castletown, in the south, and Ramsey, in the north, are the other main resorts, each with its own style and character.

Campsites are dotted around the island and motoring (trailers are not permitted) and yachting holidays have become increasingly popular.

Most of the beaches are pebbly with patchy sand, but two golden stretches can be found in the south of the island at the towns of Port Erin and Port St. Mary.

The undulating land mass creates many isolated shelters for bathing but, because of fast tidal eddies, divers and surfers are advised to inquire about local conditions. Most harbors offer power boating, water and jet skiing, and trips can be booked from Port Erin to go to the Calf of Man, a small islet off the southern coast.

The island's natural beauty lures many tourists, with its abundance of hilly ranges and a mountain, Snaefell (2,036 feet, or 621 meters). To the north of Snaefell the high land falters and dips through farmland to the Point of Ayre, but to the south the hills run along the center of the island, dissected occasionally by deep valleys. Uncultivated expanses of heathery moorland fall away to the west, sometimes shelving abruptly to the sea.

Along with angling, a major draw for sporting tourists is golf. The island has seven courses, at Ramsey, Peel, Douglas, Pulrose, Rowany and Castletown. The courses are near the main resorts, and none is more than 45 minutes by road from any other. The favorable climate means the Manx courses are playable all year round, there is no overcrowding and green fees are around £8.

MOST towns having several tennis courts, bowling greens, football, hockey and cricket pitches along with miles of terrain ideal for hiking or just walking.

Take the sophistication of the Channel Islands, the natural beauty of the Scottish Highlands and the temperate climate of northwest England and you have the magic of the Isle of Man, nestling between Ireland, the Lake District and the Mull of Kintyre.

The island lies in the heart of the Irish Sea, a small rock close to England, Ireland, Scotland and Wales, yet very different from all its neighbors.

Although only 32 miles (52 kilometers) long and 13 miles wide, the island has an impressive variety of terrain.

The island's tourism minister, Alan Bell, says he has become "increasingly frustrated at the continuing decline of our tourist industry." He said: "The effect of this decline has been felt throughout the island. Once-grand hotels lie empty and derelict, cinemas, shops, sports facilities, gardens, glens and transport services have all been placed under increasing strain through failing tourism revenue."

Mr. Bell added: "It is my duty to formulate policies which will safeguard and enhance the quality of life of our community and to provide a sound economic base upon which the island will continue to prosper. Tourism is a key component of all developed countries. The Isle of Man is no exception; to turn our backs on tourism would be potentially devastating and extremely ill advised.

"I am, therefore, determined that we should face our difficulties head on and strive confidently toward a new era in which tourism will once again be a major force."

RICHARD PARSLOW is on the staff of the Manx Independent.

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MEDIA MARKETS

U.S. Advertisers Resisting Offers by Soviet Papers

By Skip Wollenberg
The Associated Press

NEW YORK — The Soviet newspapers Izvestia and Pravda are chasing American advertising for editions pegged to the forthcoming summit between President George Bush and the Soviet leader, Mikhail S. Gorbachev. But their ad salesmen are finding it's a tough sell.

U.S. companies, even those already doing business in the Soviet Union, are taking a go-slow approach to print advertising for a Russian audience.

The government-run newspaper Izvestia disclosed plans in April to publish a pair of special supplements on the United States during the summit, which starts next week. The Russian-language supplements would be tucked inside about 2 million copies of the newspaper, which has a total circulation of 11 million.

Russian-language supplements will be tucked inside copies of Izvestia.

While several U.S. companies and ad agencies have expressed interest, none has bought space yet, an official said Monday.

"American businessmen are perhaps not as aggressive in terms of looking at the market possibilities in Russia," said Anthony R. Wight, head of Publicitas Inc., in charge of ad sales for Izvestia. Nearly all of the buyers so far have been European.

Pravda, the official newspaper of the Soviet Communist Party, sent out notices to dozens of American companies last week encouraging them to buy full-page ads during the summit. It claims circulation of more than 8 million.

Victor Linnik, a Pravda correspondent in New York who is overseeing the newspaper's ad sales here, said its first Western advertiser was the German airline Lufthansa in early May.

"The country is moving to a new stage in its economic development," he said. "The world has changed, and Pravda simply cannot remain indifferent to the commercial side of its own business."

Izvestia is selling a full-page ad in the supplements for $42,500 for a black-and-white ad; Pravda quoted a price of $50,000 for a full-page ad. For comparison, The Wall Street Journal charges $99,385 for a full-page ad in its national edition.

Ad agency executives said the lack of an independent auditing system for Soviet circulation claims makes some companies wary of the newspapers. They add that Western companies have only limited access to Soviet markets, many have no presence there at all and some feel they can spend their money better on other trade-related activities.

"It only makes sense for two reasons — you either anticipate going into the market or you are already there," said Allen Banks, media director for Saatchi & Saatchi in New York.

Pepsi-Cola International has bought time on Soviet television and advertises on Soviet billboards and at its soft drink kiosks in Russia, but has made no decision on newspaper advertising.

"We are certainly looking at it at this point, but we really haven't come to a decision," said Anna Nerbovig, a spokeswoman for Pepsi-Cola International.

●●●

HEARST CORP. and Izvestia are exploring the possibility of jointly publishing a weekly Soviet-American newspaper to be distributed in both countries, United Press International reported.

A statement Tuesday from Hearst Corp. said the newspaper would be issued in both Russian and English for its readers in both countries.

The first test issue is being edited by Soviet and U.S. journalists in Hearst's Washington, D.C., news bureau and will be published July 4, the statement said. Some 25,000 copies of the test issue will be distributed to key government, business and educational leaders in Moscow, Leningrad, Kiev, Washington and other U.S. cities. It will be published in standard newspaper size and will have full-color pictures and cover political, economic and social issues as well as fashion, sports, Hearst said.

Olivetti Denies Philips Seeking Majority

By Ronald van de Krol
Special to the Herald Tribune

AMSTERDAM — Speculation mounted Tuesday about the details of a partnership deal being discussed by the Italian computer maker Olivetti SpA and Philips NV, but Olivetti strenuously denied a Dutch press report that Philips was seeking a majority stake in the Italian company.

In a front page story, the Amsterdam daily De Volkskrant said that Philips was talking to companies controlled by Carlo De Benedetti, Olivetti's chairman, about purchasing a stake of at least 50 percent in Olivetti. The report put the value of the stake at more than three billion guilders ($1.6 billion).

"Olivetti absolutely and categorically denies reports appearing in today's press and other media that negotiations exist with any company, including Philips, that involve the sale of stock by its majority shareholders," the company said.

In Milan, Mr. De Benedetti's holding company, Compagnie Industriali Riunite SpA, also described the report as "absolutely false."

The Volkskrant story said that the negotiations had been confirmed by two unnamed Philips managers, adding that the Dutch electronics giant was prepared to pay cash for the shares.

In a statement, Philips said that it had not bought any shares in Olivetti on the open market, nor had it pursued any negotiations with Mr. De Benedetti's company on the purchase of Olivetti shares. It dismissed the report as "rumors."

In any case, CIR by itself would be unable to sell a majority stake to Philips. CIR's stake in Olivetti has been just over 40 percent since last year, when it acquired the 22 percent Olivetti stake that had been held by American Telephone & Telegraph Co.

The breakup of that five-year alliance last July, combined with a string of weak earnings results for Olivetti, first sparked the speculation that the Italian computer maker would seek a new partner. While Mr. De Benedetti last summer ruled out a new "strategic" alliance similar to the one with AT&T, he did say that the company would be on the lookout for opportunities in particular market niches.

Speculation about a possible link-up with Philips has been rife since late March, when Olivetti disclosed that it was talking to Philips as well as other European computer manufacturers about cooperation in specific business areas such as printers.

In April, Olivetti's managing director, Vittorio Cassoni, said he could not exclude the possibility of a shareholding tie-up as part of the company's efforts to find a European partner.

On Tuesday, Olivetti repeated that it and Philips were "engaged in technical discussions about possible technical and/or commercial collaboration in specific and limited business areas."

Analysts were skeptical about Philips wanting a controlling interest in Olivetti. However, most said that Olivetti and Philips were clearly negotiating a deal of some sort,

See OLIVETTI, Page 15

Trade Officials Try a Friendly Face-Off

By Fred Hiatt
Washington Post Service

TOKYO — Front-line soldiers climbed out of the trenches on both sides of the U.S.-Japan trade war last week, white flags in hand, for an experiment in friendly, face-to-face communication.

Two dozen Commerce Department bureaucrats, many of whom knew Japan only through interoffice memos and position papers, came to Tokyo to meet their counterparts in the fabled Ministry of International Trade and Industry.

They sought common ground to avoid future trade conflicts and compared notes on how they do their jobs.

The Americans came away marveling at the power their Japanese counterparts wield over industry, their farsightedness in planning, their prestige within society and the "bottom-up" authority of junior bureaucrats.

"They can influence the course of a particular industry a hell of a lot easier than we can," said Henry P. Misisco, director of the Commerce Department's office of automotive-industry affairs.

But the Commerce civil servants were not ready to change places after seeing their new MITI friends routinely working until midnight in crowded, rundown offices crammed with gunmetal desks.

Mostly, though, the "MITI-DOC Dialogue," as last week's sessions were officially named, left many of the Americans humbled and not a little worried. Juan A. Benitez, a former captain of high-tech industry who now serves as U.S. deputy assistant secretary for science and electronics, said he was both "impressed and depressed" after visiting one of Japan's highest-tech laboratories.

"It gives a better perception of how advanced the competition is — and what we have to do with U.S. industry in terms of waking them up," Mr. Benitez said just before returning to Washington.

J. Michael Farren, undersecretary for international trade, and MITI Vice Minister Naomichi Suzuki both said such meetings should have been held 20 years ago.

"Some things down the line are certain to cause trade problems," Mr. Farren said. "If we talk now about how those things could be handled differently, we'll all benefit." He added, "We shouldn't have to wait for conflicts to bring people together."

MITI officials agreed with the need for better communication to ease trade tensions growing out of Japan's persistent trade surplus. But some Japanese officials also hoped that exposure to MITI would encourage the Americans to become more like them — to develop an industrial policy to help U.S. companies compete worldwide, an idea the Bush administration steadfastly has spurned but some in Congress now champion.

Mr. Farren acknowledged that U.S. ways must be "baffling" to junior MITI bureaucrats. "They always say, 'We're giving such-and-such guidance to industry,' and we say, 'Well, we don't set policy for industry,' " Mr. Farren said. "We're not trying to become another MITI, but it's important for our people to understand how MITI operates, truly operates."

After a few days with their Japanese counterparts, from touring auto plants to drinking sake in geisha houses, the Americans learned a few things about how MITI operates:

MITI bureaucrats spend huge amounts of time with representatives of the industries they guide and regulate, often dining and drinking with them late into the night in ways that U.S. ethics laws never would permit.

Mary A. Toman, deputy assistant secretary for automotive affairs and consumer goods, said her counterpart talks to executives from Nissan Motor Co., Honda Motor Co. and Toyota Motor Corp. three times a week or more. She said that every time she visited the MITI office last week, industry officials were also hanging around exchanging information.

"It's a whole different ethics routine," Ms. Toman said. "I had to spend a half-hour explaining why I couldn't take lunch or dinner from them," she said of the Japanese executives. "Their jaws were hanging down."

Sally H. Bath, an aerospace analyst, said she was "astounded" at the communication at all levels. If she talked to someone at an evening reception, by the next morning everyone in MITI seemed to know the substance of her conversation, she said.

MITI bureaucrats fund research efforts they find promising, giving them clout that the Commerce officials could not imagine.

"I barely have money to pay my phone bills," said James M. Roberts, deputy assistant secretary for aerospace.

The Commerce officials were surprised at how forthcoming MITI was — even giving advice on how the U.S. aerospace industry could glean technology from Japanese firms, Mr. Roberts said.

One reason for the aid, Mr. Benitez said, is that MITI is "seriously, seriously concerned" about the competitiveness of some U.S. industries, such as semiconductor makers.

EC and France Compromise on Renault Aid

Compiled by Our Staff From Dispatches

BRUSSELS — The EC Commission, in a compromise decision Tuesday that followed months of haggling, ordered Renault to pay back half of 12 billion francs ($2.14 billion) in French government subsidies it received in 1988.

The state-owned carmaker will be required to repay 3.5 billion francs in aid immediately, while an additional 2.5 billion francs will be added to the company's long-term debt, a Commission spokesman said.

The Renault case has been widely regarded as a test of the Commission's readiness to take a tough line with national governments ahead of the European Community's creation of the single internal market at the end of 1992. The Commission has the power to scrutinize virtually all state handouts to private companies to ensure that they do no distort competition.

Sir Leon Brittan, the EC commissioner in charge of competition policy, had wanted Renault to pay back 8.4 billion francs of aid which had been approved by the Community in 1988. He argued that France had failed to meet the conditions attached to the aid, which included changing the company's status from that of a *régie* into that of a public-limited company and reducing production capacity.

France had argued that all of the conditions of the 1988 deal had been met and that Renault should not have to repay any of the money. the industry minister Roger Faroux had said last week that France would refuse to reclaim money from Renault even if ordered to do so by the Commission.

The final compromise was brokered by the EC industry commissioner Martin Bangemann, with the support of the French members of the Commission intent on avoiding a clash with Paris, Community officials said. They said that during Tuesday's negotiations, Sir Leon had proposed a repayment figure lower than the 8.4 billion francs.

EC experts had reckoned that a repayment of 5.96 billion francs would correspond to the actual reduction in Renault's capacity.

"This seems to me to be an acceptable compromise," Mr. Faroux said at a news conference in Paris. "This controversy is now over," he said. "We have each — both Paris and Brussels — bared our teeth at each other. But now we have transformed our grimace into a smile."

The EC spokesman said that "the Commission has decided that since the status of Renault was modified by a law in May, 1990, and since part of the undertaking on capacity reduction has been fulfilled, the amount of the aid recovered should be adjusted from 12 to six billion French francs."

He added that the French government would not be allowed to inject any further cash into Renault before the end of the year.

But he said that France can inject new capital into Renault when the company is due to enter into a cross-shareholding pact with Swedish auto maker AB Volvo.

"From Jan. 1, 1991 we will be free to do what we like," Mr. Faroux said. "This will be a matter between Renault and the state."

(Reuters, AFP, AP)

Mediterranean Countries May Get EC Aid

United Press International

BRUSSELS — The EC Commission proposed Tuesday to spend more than 6.7 billion European currency units ($8.3 billion) on aid to 12 Mediterranean countries between 1992 and 1996.

Abel Matutes, EC commissioner in charge of relations with the Mediterranean area, said the money would include 1.84 billion Ecus in grants from the EC budget. He said that would almost triple aid granted to them under the present five-year assistance program.

Another 4.9 billion Ecus would be made available in loans from the European investment bank.

CURRENCY RATES

Cross Rates

May 22

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	Cs	Peseta
Amsterdam	1.8805	2.175	1.204	0.3286	0.153 *	—	5.457 *	1.3225	1.2108 *	1.592	1.166 *
Brussels	34.4525	39.345	20.5975	6.714	2.8038 *	18.328	—	24.224	8.2264	29.1975	20.98 *
Frankfort	1.672	2.824	—	0.2949	0.1363 *	0.8889	4.856 *	1.1765	1.1005 *	1.4175	1.035 *
London (a)	1.8905	—	2.2542	0.3993	2.074.50 *	3.1737	59.135	2.398	258.545	2.0885	173.90
Madrid	180.971	175.67	62.278	18.494	8.479 *	55.425	2.8245	72.29	69.568 *	88.382	—
Milan	1.238.35	2.874.15	739.25	218.13	—	653.72	35.676	864.29	8.803	1.048.75	71.286
New York (b)	—	1.693 e	1.6725	0.489	1.227.50	1.88	34.457	1.4167	151.20	1.1805	104.58
Paris	5.632	9.5895	3.3982	—	0.4584 *	2.977	0.1435	2.4599	2.7665 *	4.767	3.404 *
Tokyo	153.19	259.24	91.81	27.25	9.725	81.67	4.4532	102.23	—	130.28	1.4714
Toronto	1.1856	2.4071	0.7893	0.2348	0.0847 *	0.6332	2.443 *	0.8264	0.7833 *	—	1.14 *
Zurich	1.4175	2.3952	0.8482	0.252	0.115 *	0.7544	4.1179 *	—	0.8702 *	1.1977	1.3447 *
1 ECU	1.2266	0.7259	2.8535	0.9985	1.580.51	2.2868	42.2893	1.7443	184.446	1.4494	127.949
* SDR	1.3191	0.7871	2.2885	7.429	1.692.39	2.4805	45.4453	1.8753	291.026	N.Q.	137.844

Closings in London and Zurich, fixings in other centers. New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5000.0	Greek drac.	163.30	Mex. peso	2918.00	S. Afr. rand	2.6355
Austral. $	1.3672	Hong Kong $	7.783	N. Zealand $	1.7452	Soviet ruble*	0.5564
Austr. schil.	11.65	Indian rupee	17.331	Norw. krone	6.452	Saud. riyal	3.671
Brazil cruz.	50.87	Indo. rupiah	1816.00	Phil. peso	22.52	Taiwan $	27.19
Chinese yuan*	4.72	Irish £	0.6182	Port. escudo	147.05	Thai baht	25.72
Danish krone	6.2655	Israeli shek.	1.96	Saudi riyal	3.74	Turkish lira	2504.00
Egypt. pound	2.6632	Kuwaiti dinar	0.2908	Sing. $	1.853	UAE dirham	3.672
Fin. markka	3.9185	Malay. ring.	2.7045	S. Kor. won	712.30	Venez. bolív.	46.88

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6773	1.6686	1.6604	Canadian dollar	1.1823	1.1918	1.1966
Japanese yen	151.91	151.79	151.65	Swiss franc	1.4196	1.4192	1.4188
Deutsche mark	1.6721	1.6718	1.6718				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

May 22

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8 1/16-8 1/8	7 7/8-8	5 1/16-5 1/8	14 7/8-15	9 1/8-9 1/4	7 1/16-7 1/8	10-10 1/16	8 1/4
2 months	8 1/16-8 1/8	8-8 1/16	5 1/16-5 1/8	14 7/8-15	9 1/8-9 1/4	7 1/16-7 1/8	10 1/16-10 1/4	8 1/4
3 months	8 1/16-8 1/8	8 1/16-8 1/8	5 1/16-5 1/8	14 15/16-15	9 1/8-9 1/4	7 1/16-7 1/8	10 1/16-10 1/4	8 1/4
6 months	8 1/16-8 1/8	8 1/16-8 1/8	5 1/16-5 1/8	14 15/16-15	9 1/8-9 1/4	7 1/16-7 1/8	10 1/16-10 1/4	8 1/4
1 year	8 1/16-8 1/8	8 1/16-8 1/8	5 1/16-5 1/8	14 15/16-15	9 1/8-9 1/4	7 1/16-7 1/8	10 1/16-10 1/4	8 1/4

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

May 22

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8 3/16	8 3/16
Commercial paper 90-179 days	8.00	8.00
3-month Treasury bills	7.72	7.71
6-month Treasury bills	7.74	7.72
1-year Treasury bills	7.64	7.67
30-year Treasury bond	8.62	8.69
3-month CD's	7.90	7.90
6-month CD's	7.95	7.95
Japan		
Discount rate	5%	5%
Call money	7%	7%
2-month interbank	7 3/16	7 3/16
3-month interbank	7 5/16	7 5/16
West Germany		
Discount rate	6.00	6.00
Lombard rate	8.00	8.00
Call money	8.00	8.00
1-month interbank	8.15	8.15
3-month interbank	8.30	8.30
6-month interbank	8.45	8.45
Britain		
Bank base rate	15.00	15.00
Call money	15.00	15.00
3-month interbank	15.00	14 31/32
6-month interbank	15.00	14 15/16
France		
Intervention rate	9%	9%
Call money	9%	9 9/16
1-month interbank	9%	9%
3-month interbank	9%	9 11/16
6-month interbank	9%	9 13/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

May 22

1 month	8 5/8-8 3/4
2 months	8 1/4-8 3/8
3 months	8 1/4-8 3/8
6 months	8 1/4-8 3/8
1 year	8 1/4-8 3/8

Source: Reuters.

U.S. Money Market Funds

May 22

Merrill Lynch Ready Assets
30-day average yield: 7.85
Telerate Interest Rate Index: 8.149
Source: Merrill Lynch, Telerate.

GOLD

May 22

	A.M.	P.M.	Chge
Hong Kong	372.75	372.75	—0.70
Luxembourg	372.95	—	—0.55
Paris (12.5 kilo)	373.77	372.77	—1.77
Zurich	372.88	375.25	+1.75
London	372.40	375.10	+2.00
New York	—	375.00	+1.95

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Japan Rejects Demand On Rate Deregulation

U.S. Requests Quick End to Practice But Tokyo Says a Year Is Too Fast

Compiled by Our Staff From Dispatches

TOKYO — Japan on Tuesday rejected a U.S. demand that it deregulate bank interest rates within a year.

David C. Mulford, undersecretary of the U.S. Treasury, said regulated rates have given Japanese banks an advantage over American institutions in world markets, and he demanded the practice be ended within 12 months.

Makoto Utsumi, vice minister of finance, said Japan was moving toward deregulation of interest rates but would not be committed to a timetable and did not want to go as fast as the United States proposed.

Although Mr. Mulford and Mr. Utsumi failed to reach agreement on the issue of interest-rate deregulation during two days of negotiations about financial markets, there were accords on some issues.

Among these were reduced controls on overseas banks accounts held by Japanese individuals, access to electronic futures trading in Chicago and permission for foreign securities firms to conduct banking activities in Japan.

But Mr. Mulford said, "On the fundamental question of interest-rate deregulation, the United States has taken the position that after seven years of step-by-step transition, it is now necessary to complete the process of deregulation with the period of one year."

"In the past seven or eight years, Japanese banks, which used to account for one or two banks in the top 10 in the world, now account for something like eight or nine of the top 10 banks," Mr. Mulford said.

Mr. Mulford said the regulations that keep Japanese interest rates low act as a kind of subsidy to Japanese banks, giving them access to cheap money not available to American banks.

Mr. Utsumi disagreed. "There is no truth to the statement that Japanese institutions are enjoying an advantage by bringing into the market the funds raised at low cost in Japan."

Still, he said, Japan wants to deregulate rates. "There is no difference of opinion between the United States and Japan with respect to the direction of liberalization," he said. "The difference is in the timing."

A Japanese banker opposed the U.S. demand. "It is impossible to deregulate all interest rates within one year because it will have a big impact on banking business," said Taizo Hashida, chairman of Fuji Bank Ltd. and the Federation of Bankers Associations of Japan.

Japanese officials have said they are concerned about the damage deregulation may do to medium and small banks.

"There is the small-bank question," Mr. Mulford conceded, "but also there is the large-bank question because obviously these banks have been happy to expand their business worldwide under this arrangement, so obviously there is plenty of reasons why completing the deregulation process is a delicate matter."

The United States also is distressed that Japanese banks have expanded rapidly overseas while foreign banks have made only very limited inroads in Japan, Mr. Mulford said.

The Treasury is under pressure from Congress to seek pledges that Japan will give U.S. financial institutions competitive opportunities equal to domestic concerns. The Senate is working on a bill under which the United States could retaliate if such opportunities do not exist.

"As of today, it will not be possible for the U.S. Treasury to give a positive report on the Japanese market," Mr. Mulford said.

But Japanese officials said opportunities already are equal. "We have never done anything to foreign institutions that would undermine their national treatment. In this regard, we have no guilty feelings," Mr. Utsumi said.

At the current round of talks, the latest in a series begun in 1983, Japan said it would allow financial institutions to install and use Globex terminals by around the end of June, Mr. Utsumi said.

Globex is a 24-hour futures trading system being developed by the Chicago Mercantile Exchange together with Reuters Holdings PLC.

(UPI, Reuters, AFP)

Settlement Eases Fears On Brent Oil

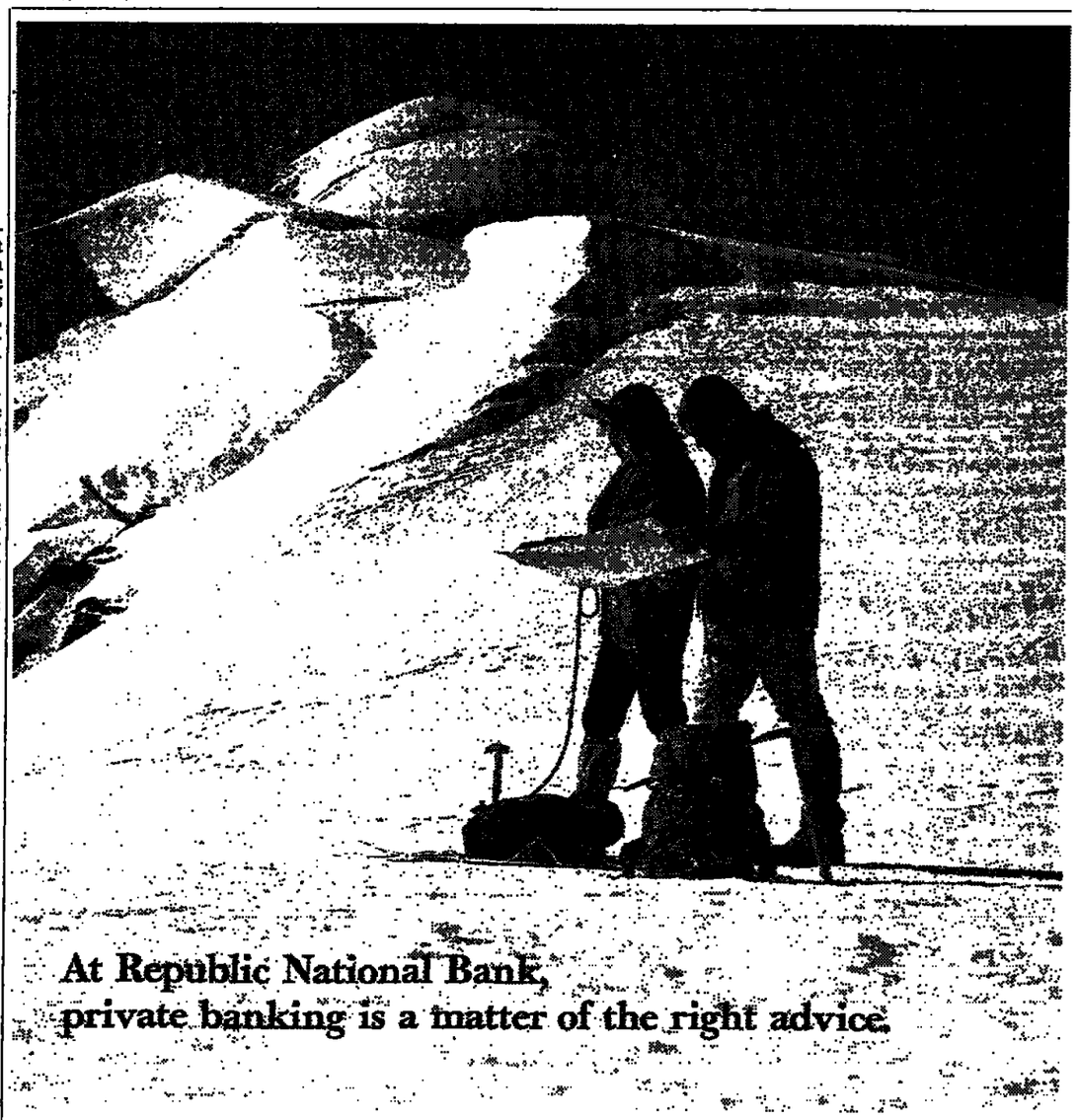
Reuters

LONDON — With the settlement of a legal dispute involving Exxon Corp., the informal forward market in North Sea Brent Blend crude oil appears to have won a reprieve, participants said Tuesday.

Exxon said it and some other major oil companies had reached an out-of-court settlement with Transnor (Bermuda) Ltd. in a dispute involving the market.

The U.S. court case — and fears that it raised of possible U.S. regulation of some participants in the Brent market, which determines a wide range of world petroleum

See BRENT, Page 12



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MARKET DIARY

NYSE Share Prices Extend Their Rally

N.Y. Stocks

United Press International

NEW YORK — The rally on the New York Stock Exchange, now in its fourth week, overcame some midday weakness and rolled on Tuesday, with the Dow industrials closing at another record high.

The Dow Jones industrial average, which rose 24.77 points Monday to the previous record of 2,844.68, gained 7.55 to close at 2,852.23, its fifth record high in the last seven sessions.

Among broader market gauges, the New York Stock Exchange composite index rose 0.30 to 195.58 and Standard & Poor's 500-stock index added 0.43 to 358.43. The price of an average share rose 5 cents.

Advances led declines by about an 8-7 margin. NYSE volume was about 203 million shares, compared with about 166 million shares traded Monday. Tuesday was the fifth-heaviest trading day of the year.

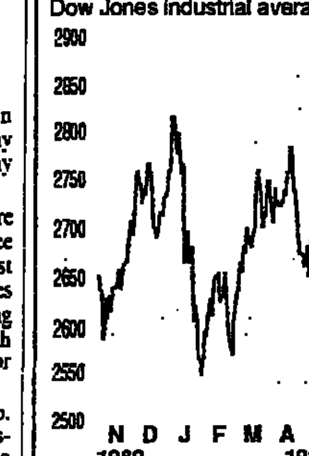
"This is an incredible run we're on," said Ralph Bloch, senior vice president and chief market analyst at Raymond, James & Associates in St. Petersburg, Florida, noting the market's rally entered its 17th day Tuesday, with just some minor setbacks along the way.

On the trading floor, Nova Corp. of Alberta was the most active issue, down ⅜ to 7 after gaining Monday. The company sold its rubber division to Bayer AG of West Germany but late Monday, the Italian company Enimont SpA reportedly said Nova did not respect bidding rules established in selling the unit. Enimont said it was scheduled to make its bid Monday, but was preempted by the sale to Bayer.

Via Associated Press May 22

The Dow

Daily closings of the Dow Jones industrial average



NYSE Diary

	Close	Prev.
Advanced	817	997
Declined	686	538
Unchanged	502	486
Total issues	2005	2021
New Highs	117	105
New Lows	31	30

Amex Diary

	Close	Prev.
Advanced	289	329
Declined	262	249
Unchanged	287	262
Total issues	838	840
New Highs	26	21
New Lows	24	17

NASDAQ Diary

	Close	Prev.
Advanced	1,091	1,138
Declined	901	820
Unchanged	n.a.	2,354
Total Issues	n.a.	4,312

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
Nova g	39343	7 1/4	6 7/8	7	− 3/8
Varity	29121	3 1/8	2 7/8	3	
CmpAsc	23789	15 5/8	14 3/4	15 1/2	− 3/8
PhilMr s	22980	45	44 1/4	45	+ 1/2
TexUtil	22349	36 7/8	36 1/2	36 3/4	+ 1/4
FdNM s	21756	41 1/4	39 7/8	40 1/4	
FedExp	20707	47 1/2	46 1/2	46 7/8	−5 1/4
NtSemi	19954	8 1/2	8	8 1/4	
AT&T	19775	43 3/4	42 1/2	43 1/4	− 1/8
IBM	19326	117 7/8	116 3/4	117 1/2	+ 1/2
TexInst	19124	41 7/8	40 1/2	41 1/4	+ 1/4
AGnCp	18784	49	48 1/4	48 3/4	− 1/2
AmExp	16101	30 1/2	29 1/2	29 7/8	− 3/8
RoylD	15653	77 1/2	76 3/4	77 3/8	+1 1/2
GenEl	15596	68 7/8	68 1/4	68 1/2	+ 1/8

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Hlthav n	15307	1 1/2	1 1/4	1 1/2	+ 1/4
HomeSh	6034	8 3/4	7 7/8	8 1/2	+ 3/8
Amdhl	4841	16	15 3/8	15 1/2	− 1/8
EchoBy	4511	13 3/4	13 3/8	13 1/2	+ 1/4
SNk (93wt)	4267	7 1/8	6 3/4	6 7/8	− 3/8
WangB	3328	4 1/4	4	4 1/4	
NY Tim	3210	24 1/8	23 1/4	23 7/8	+ 3/8
WDigitl	3048	13 1/8	12 1/2	12 3/4	− 1/8
ENSCO	2961	4 7/8	4 5/8	4 7/8	+ 1/8
ICH	2922	3 1/2	3 3/8	3 3/8	
DowC rt	2684	11	10 3/4	11	+ 1/4
Whtfrd	2485	7 3/4	7 1/2	7 3/4	+ 1/4
PegGld	2385	12	11 1/2	12	+ 3/8
PW Nk cwt	2098	5	4 3/4	5	+ 3/8
BAT In	2059	11 5/8	11 1/4	11 3/8	

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2866.70	2877.13	2828.51	2852.23	+ 7.55
Trans	1174.79	1180.83	1160.21	1169.63	− 11.30
Util	214.85	215.47	211.58	213.03	− 1.19
Comp	1041.75	1046.03	1027.85	1036.14	− 2.60

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	420.31	415.24	418.20	+0.97
Transp.	283.03	277.30	279.23	−3.13
Utilities	147.04	145.00	145.86	−0.43
Finance	29.77	29.36	29.48	−0.02
SP 500	360.50	356.09	358.43	+0.43
SP 100	342.54	335.78	340.12	+0.02

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	196.24	194.50	195.58	+0.30
Industrials	241.20	238.95	240.47	+0.69
Transp.	175.98	174.15	175.07	−1.19
Utilities	95.57	94.48	94.88	−0.34
Finance	146.44	145.41	145.79	+0.20

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	453.88	+0.99	442.50	419.19
Industrials	481.74	+2.43	466.35	437.68
Finance	454.73	+0.28	452.50	446.33
Insurance	498.87	−1.33	495.67	476.20
Utilities	650.78	−4.65	626.53	575.34
Banks	348.17	−0.69	347.85	348.95
Transp.	481.22	+0.93	477.01	449.00

AMEX Stock Index

High	Low	Close	Ch'ge
360.79	358.84	359.85	+0.49

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	90.16	+0.21
Utilities	91.09	+0.10
Industrials	89.23	+0.32

Market Sales

NYSE 4 p.m. volume	203,350,000
NYSE prev. cons. close	201,144,750
Amex 4 p.m. volume	15,820,000
Amex prev. cons. close	14,162,800
NASDAQ 4 p.m. volume	190,164,000
NASDAQ prev. 4 p.m. volume	169,571,000
NYSE volume up	100,085,100
NYSE volume down	78,835,000
Amex volume up	8,059,200
Amex volume down	4,152,500
NASDAQ volume up	[illegible]
NASDAQ volume down	52,504,000

DM Futures Options

Strike Price	Calls-Settle Jun	Sep	Jul	Puts-Settle Jun	Sep	Jul
58	2.19	2.67	2.32	0.05	0.54	0.17
59	1.28	1.98	1.53	0.14	0.84	0.38
60	0.58	1.40	0.90	0.42	1.25	0.74
61	0.20	0.95	0.49	1.05	1.76	1.32
62	0.07	0.64	0.26	1.91	2.48	2.08
63	0.03	0.43	0.12	2.87	3.21	2.95

Est. total vol.: 12,576
Calls: Fri. vol.: 2,782; open int.: 67,890
Puts: Fri. vol.: 1,640; open int.: 62,822
Source: CME.

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	"Sh'rt
May 21	432,171	493,897	12,965
May 18	336,016	516,807	12,713
May 17	342,482	569,160	15,277
May 16	376,108	541,947	8,048
May 15	435,590	588,939	4,529

*Included in the sales figures

INTERNATIONAL MANAGER
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Currency Options

PHILADELPHIA EXCHANGE May 22

Option & Underlying	Strike Price	Calls—Last Jun	Jul	Sep	Puts—Last Jun	Jul	Sep
50,000 Australian Dollars-cents per unit.							
ADollr	72	r	r	r	0.03	r	r
76.66	74	r	r	r	0.11	r	r
76.66	75	1.66	r	r	r	r	1.56
76.66	76	r	1.14	r	r	1.13	r
76.66	77	r	0.67	r	r	r	r
76.66	78	0.13	r	r	r	r	r
50,000 Australian Dollars-European Style.							
76.66	78	0.15	r	r	r	r	
31,250 British Pounds-cents per unit.							
Pound	160	r	r	r	r	0.39	r
169.26	162 1/2	r	r	r	r	0.75	r
169.26	165	r	r	4.80	0.50	r	r
169.26	167 1/2	2.18	r	r	1.29	r	r
169.26	170	0.90	1.45	2.28	2.55	3.85	r
169.26	172 1/2	r	0.80	r	r	r	
31,250 British Pounds-European Style.							
169.26	170	r	r	2.00	r	r	
50,000 Canadian Dollars-cents per unit.							
CDollr	81 1/2	r	r	r	r	0.18	r
84.35	82	r	r	r	r	r	0.72
84.35	82 1/2	r	r	r	0.12	0.38	1.07
84.35	83	r	r	r	0.22	0.55	1.00
84.35	83 1/2	r	r	1.00	0.45	0.70	r
84.35	84	0.61	0.80	r	0.62	1.03	1.53
84.35	84 1/2	0.42	r	r	0.85	1.32	1.95
84.35	85	0.25	0.71	r	1.00	1.65	2.22
84.35	85 1/2	0.10	r	r	1.26	r	2.67
84.35	86	0.04	r	0.20	2.48	2.38	3.00
84.35	86 1/2	r	r	r	2.98	r	
50,000 Canadian Dollars-European Style.							
CDollar	83	r	r	r	0.30	0.62	r
84.35	84	r	r	r	0.80	r	r
84.35	85	0.28	r	r	r	r	r
84.35	86	0.04	r	r	r	r	
62,500 West German Marks-cents per unit.							
DMark	52	r	s	7.80	r	s	r
59.85	53	r	s	r	r	s	0.06
59.85	55	4.85	r	r	r	r	r
59.85	57 1/2	r	r	s	r	0.15	
59.85	58	2.07	r	r	0.09	r	r
59.85	58 1/2	r	r	s	0.17	0.36	
59.85	59	r	r	r	0.27	r	0.97
59.85	59 1/2	r	r	s	0.44	r	
59.85	60	0.49	0.79	r	0.66	0.85	r
59.85	60 1/2	0.36	r	s	0.99	r	
59.85	61	0.20	0.44	0.67	1.37	r	2.05
59.85	61 1/2	0.13	r	s	r	r	
59.85	62	0.08	0.24	r	2.20	r	
59.85	62 1/2	r	0.17	s	r	r	
59.85	63	r	r	0.40	r	r	
59.85	64	r	r	0.28	r	r	
62,500 West German Marks-European Style.							
59.85	59 1/2	r	r	s	0.26	r	
59.85	60	0.58	r	r	0.57	r	
6.25 mil Japanese Yen-100ths of a cent per unit.							
JYen	63	r	r	r	r	r	0.23
66.10	63 1/2	r	r	s	0.09	r	
66.10	64	r	r	r	0.09	0.24	r
66.10	65	1.34	r	r	0.24	r	r
66.10	65 1/2	r	r	s	0.38	0.70	
66.10	66	0.51	0.85	1.38	0.59	r	
66.10	66 1/2	0.44	r	s	r	r	
66.10	67	0.30	0.48	0.95	r	r	r
66.10	67 1/2	0.18	r	s	r	r	
66.10	68	0.13	0.28	0.63	r	r	r
66.10	68 1/2	r	0.17	s	r	r	
66.10	69	0.07	r	0.37	r	r	
62,500 Swiss Francs-cents per unit.							
SFranc	66	r	r	r	r	r	0.30
70.54	68	r	r	r	r	0.26	0.80
70.54	69	r	r	r	0.23	0.59	r
70.54	69 1/2	r	r	s	0.34	r	
70.54	70	r	r	r	0.50	0.93	r
70.54	70 1/2	r	0.98	s	0.75	r	
70.54	71	0.48	0.81	r	1.00	r	
70.54	71 1/2	0.36	0.60	s	r	r	
70.54	72	r	0.53	1.02	r	r	r
70.54	75	r	r	0.35	r	r	

Total call vol. 42,804 Call open int. 387,158
Total put vol. 18,404 Put open int. 321,188
r—Not traded. s—No option offered.
Last is premium (purchase price).

Dividends

Company	Per	Amt	Pay	Rec
USUAL				
AmSouth Bancorp	Q	.25	7-2	6-15
Badger Meter Inc	Q	.15 1/2	6-15	6-1
Berry Petroleum	Q	.13 3/4	6-29	6-19
Blount Inc cl-A	Q	.11 1/4	7-2	6-15
Blount Inc cl-B	Q	.10	7-2	6-15
BRE Properties Inc	Q	.60	6-21	6-1
Chemed Corp	Q	.49	6-8	6-1
Chemical Finci Co	Q	.25	6-15	6-1
Detroit Edison Co	Q	.44 1/2	6-15	6-19
Fansteel Inc	Q	.15	6-12	6-1
Fay's Inc	Q	.05	7-13	6-29
First Commerce Co.	Q	.30	7-2	6-15
First Eastern	Q	.28	7-1	6-5
Florida Progress	Q	.66	6-20	6-5
Fuqua Industries	Q	.09	7-5	6-15
Harris & Harris	Q	.01	6-15	6-1
Homestead Holding	Q	.12	6-20	6-1
Investors Title	Q	.01	6-15	6-1

European Commodities

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
LONDON SUGAR U.S. Dollars per metric ton						
Aug	328.00	328.60	329.00	324.00	326.40	326.80
Oct	326.40	326.60	327.00	322.00	324.60	324.80
Dec	312.00	326.00	318.00	318.00	304.00	324.00
Mar	309.40	309.60	310.00	306.00	308.00	309.00
May	307.40	308.00	307.60	307.40	306.00	307.00
Aug	306.00	308.00	307.40	306.60	305.60	307.00
Oct	302.00	305.00	303.00	303.00	303.80	304.40
Volume: 3,681 lots of 50 tons.						
LONDON COCOA Sterling per metric ton						
May	922	928	925	911	920	925
Jul	937	938	940	920	937	938
Sep	958	959	959	939	953	954
Dec	978	979	980	957	970	971
Mar	995	999	995	974	988	989
May	1,011	—	994	994	1,005	
Jul	1,014	1,019	1,015	1,008	1,018	1,020
Volume: 5,656 lots of 10 tons.						
LONDON COFFEE Sterling per metric ton						
May	634	637	638	627	633	635
Jul	654	655	657	647	655	656
Sep	666	667	668	660	665	666
Nov	679	680	680	672	676	677
Jan	687	688	691	687	688	690
Mar	700	702	704	702	699	704
May	716	719	718	716	713	725
Volume: 3,084 lots of 5 tons.						
LONDON GASOIL U.S. dollars per metric ton						
Jun	151.25	152.00	153.00	151.50	152.50	152.75
Jul	151.75	152.00	153.00	151.75	152.75	153.00
Aug	153.25	153.50	154.75	153.25	155.00	155.25
Sep	155.50	155.75	157.00	155.50	157.00	157.50
Oct	157.50	158.00	159.25	157.75	159.50	159.75
Nov	159.00	159.25	161.50	159.25	160.50	161.25
Dec	160.50	160.75	162.50	160.50	161.50	163.00
Jan	159.00	161.00	162.00	161.00	161.00	163.75
Feb	158.00	160.00	161.00	161.00	161.00	162.50
Volume: 5,660 lots of 100 tons.						

PARIS SUGAR French francs per metric ton	High	Low	Close Bid	Ask	Ch'ge
Aug	2,478	2,463	2,450	2,460	+15
Oct	2,275	2,253	2,253	2,257	+12
Dec	N.T.	N.T.	2,189	2,205	+15
Mar	N.T.	N.T.	2,166	2,184	+12
May	N.T.	N.T.	2,160	2,180	+20

Est. vol.: 513 lots of 50 tons. Prev. actual sales: 159 lots. Open interest: 17,168.
Sources: Paris Bourse du Commerce, London Petroleum Exchange, Reuters.

London Metals

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1563.00	1565.00	1519.00	1521.00
Forward	1586.00	1587.00	1546.00	1547.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1606.00	1608.00	1558.00	1560.00
Forward	1513.00	1514.00	1486.00	1487.00
LEAD Sterling per metric ton				
Spot	489.00	491.00	483.00	484.00
Forward	487.00	488.00	482.00	483.00
NICKEL Dollars per metric ton				
Spot	8450.00	8475.00	8320.00	8370.00
Forward	8450.00	8470.00	8350.00	8378.00
TIN Dollars per metric ton				
Spot	6400.00	6415.00	6415.00	6428.00
Forward	6520.00	6525.00	6530.00	6540.00
ZINC (SpecialHighGrade) Dollars per metric ton				
Spot	1738.00	1755.00	1692.00	1697.00
Forward	1688.00	1690.00	1662.00	1664.00

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.75	0.75
Coffee, lb	0.83	0.83
Copper electrolytic, lb	1.336	1.332
Iron FOB, ton	213.00	213.00
Lead, lb	0.45	0.45
Silver, troy oz	5.175	5.10
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	105.00	105.00
Tin, lb	3.879	3.8866
Zinc, lb	0.83	0.83

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Canadian Dollar Slides On Official Resignation

Foreign Exchange

Reuters

NEW YORK — The dollar ended mixed on Tuesday, gaining sharply against the Canadian dollar after the resignation of a key Canadian minister in a dispute over Quebec's status.

The dollar rose against the Deutsche mark, but failed to recoup an overnight drop against the yen.

Talk of heavy buying by the Bank of Canada and corporations stemmed the Canadian unit's fall, but sentiment was bearish. The central bank sold U.S. dollars at around 1.1835 Canadian dollars, a key support level.

"It went through there just like a knife through butter," said Earl Johnson of Harris Trust & Savings, of the U.S. dollar.

"The sentiment has just turned very, very bearish," regarding the Canadian unit, Mr. Johnson said.

The dollar finished at 1.1885 Canadian dollars, up from 1.1773 dollars at Monday's close.

Elsewhere, the mark remained under pressure after news Monday that the West German Social Democrats would not support a treaty on German economic union in its current form.

The dollar also finished at 1.6725 DM, up from 1.6634 DM, and at 151.20 yen, down from 153.72. In cross trading, the mark was at about 90.78 yen, down from 92.42 at Monday's close.

The dollar finished at 1.4167 Swiss francs, up from 1.4225 francs, and at 5.6290 French francs, up from 5.6060 francs.

The pound rose to $1.6930 from $1.6865.

In London trading earlier, the Deutsche mark was dragged lower as uncertainty about German economic union weighed on the currency.

The dollar rose to 1.6717 DM from 1.6610 DM on Monday. Against the yen, however, it fell to 151.65 from 153.32.

The dollar rose against the pound, but the British currency was mostly higher. It fell to $1.6905 from $1.6920, but it rose to 2.8216 DM from 2.8148.

U.S. / AT THE CLOSE

Software Helps IBM Imitate Apple

NEW YORK (AP) — The popular Macintosh computer may face its strongest challenge yet following Microsoft Corp.'s unveiling Tuesday of software that gives IBM computers and their clones the same easy-to-use features as the Apple Computer Inc. machine.

Experts said the newest version of Microsoft's Windows product successfully replaces the technical commands of most IBM computers with friendly on-screen graphics and a "mouse," or hand-held control device.

The introduction of the new software has grabbed the attention of Microsoft's competitors and pushed the price of Microsoft shares to a new 52-week high.

Windows could spell trouble for Apple by ending the dilemma of many computer buyers: Whether to buy a user-friendly Macintosh, or an IBM or clone, which are harder to use but generally cheaper and compatible with many office systems.

Drexel Sees Comeback as Small Firm

NEW YORK (*Reuters*) — Four months after its parent filed for Chapter 11 bankruptcy protection, Drexel Burnham Lambert Inc. may propose in a reorganization plan next month to open its doors for business as a much smaller firm than before, a spokesman said.

"You have to have some on-going businesses," said Steve Anreder, noting about 600 of the firm's 5,300 employees remain with Drexel, which rode the high-yield bond market to prominence in the 1980s. He said Drexel retains more than $1 billion of assets after having sold many holdings.

Drexel Burnham Lambert Group filed for protection in February and the reorganization plan is expected by mid-June. Mr. Anreder stressed that while Drexel is considering resuming business, no plan has been finalized.

Greyhound Seeks to Buy Back Notes

DALLAS (NYT) — In a sign of its deteriorating financial condition, Greyhound Lines Inc. offered to repurchase most of its $225 million in publicly held notes for about $90 million.

Industry analysts said the proposal on Monday amounted to an attempt by Greyhound to persuade the note holders to accept the lower payments rather than face a more uncertain outcome if Greyhound tried to reorganize under Chapter 11 of the Federal Bankruptcy Code.

If the refinancing fails, the bus company could be forced into the bankruptcy courts as soon as June 14.

Estimates on Federal Express Net Cut

NEW YORK (Reuters) — Federal Express Corp.'s stock fell sharply Tuesday after several investment firms, including Morgan Stanley & Co., Donaldson, Lufkin & Jenrette and Robinson Humphrey, cut earnings estimates on the company, traders said.

Federal Express fell $5.25, to $46.875 a share, on the New York Stock Exchange.

Dayton Delays Marshall Field Deal

NEW YORK (Combined Dispatches) — Dayton Hudson Corp. said Tuesday that the Federal Trade Commission informed the company that the agency will request more information in connection with its proposed acquisition of Marshall Field & Co.

Because of the request, the closing of the deal will be delayed, Dayton Hudson said, but it is confident it will be able to complete the acquisition.

The company also announced that its earnings rose 60 percent in the first quarter, to $64 million, largely due to higher revenue and a one-time gain from an accounting change. *(Reuters, AP)*

For the Record

Ivan F. Boesky admitted Tuesday that he paid for inside information with briefcases full of cash, giving his first public testimony since his 1986 plea bargain. He was testifying in New York against a former friend, John A. Mulheren Jr., on securities fraud charges. *(AP)*

Eastern Airlines said Tuesday it will transfer to American Airlines its Latin American routes beginning June 30, in exchange for $310 million in two installments. The price is $39 million less than announced earlier because the deal omits Miami-Toronto and Tampa-Toronto assets. *(UPI)*

BRENT: *Out-of-Court Settlement Allays Fears Over Brent Oil Trading*

(Continued from first finance page)

prices — had led to some decline in the volume of trading.

Some 50 oil companies, banks and traders had been operating in the $30 billion market dealing in forward contracts in Brent crude. Besides being used for hedging and speculation, Brent became a "marker" on which many producer nations align their prices.

Because of volatility in the supply of crude from the Brent complex of North Sea fields, plans are being made to bring oil from another system, Ninian, into the Blend. This would enhance the North Sea marker role.

But potential difficulties for the Brent forward market arose from the U.S. lawsuit against Exxon and other oil giants, brought by Transnor, which claimed damages over 1986 losses in Brent trading.

Judge William Connor ruled on April 18 that Transnor could pursue its claim because the Brent market was "primarily" a U.S. futures market.

Several Brent participants then avoided trading with U.S. firms pending clarification, and there was concern that the market could suffer from lack of liquidity.

The British government was also upset that U.S. regulation might extend to a market in British oil delivered on British territory and already supervised by Britain.

U.S. and British officials earlier this month appeared to have found a way around the ruling.

A task force appointed by the U.S. Commodity Futures Trading Commission said it would recommend that the CFTC — the U.S. body which regulates futures markets — should take no action in the Brent market.

A joint CFTC-British government statement said the Brent market was international.

WORLD STOCK MARKETS

Agence France Presse May 22

Amsterdam

	Close	Prev.
ABN Bank	37.70	37.10
ACF Holding	35.20	34.50
Aegon	123.80	122
Ahold	143.90	143.70
Akzo	118.10	117.30
AMEV	57.90	58.10
A'Dam Rubber	5.10	5
Amro Bank	74	73.60
Bols	177.50	178
Buhrmann Tett	69.10	68.70
BVG	25.50	25.50
Center Parcs	55.50	54.80
CSM	84.70	85
DAF	29.40	29.30
DSM	117.60	116.40
Elsevier	86.20	85.30
Fokker	49.20	49
Gist-Brocades	31.60	30.20
Heineken	127	126.90
Hoogovens	76.40	75.60
Hunter Douglas	104.90	104.70
IHC Caland	47.80	47.30
Inter Mueller	92.50	92.10
KLM	32.50	32.40
KNP	46.90	46.30
Nat Neder	75.80	75
Nedlloyd	85.20	85.10
NMB Bank	53.30	52.40
Oce Grinten	62.50	62.80
Pakhoed	186.60	184.90
Philips	33.10	32.10
Robeco	98.20	97.30
Rodamco	79.70	79.60
Rolinco	97.70	96.40
Rorento	58.60	58.50
Royal Dutch	144.40	140.90
Unilever	152	150.30
Van Ommeren	37.70	38
VMF Stork	56.30	56.20
VNU	97.40	97.50
Wessanen	74.10	74
Wolters/Kluwer	53.70	54.60

CBS Gen'l trend index : 119.00
Previous : 118.80

Brussels

	Close	Prev.
AG Fin	9400	N.A.
Arbed	5140	5110
Bekaert	15500	15550
Cockerill	195	195
Cobepa	5620	5620
Delhaize	5810	5840
EBES	4005	4295
GB-Inno-BM	1386	1380
GBL	3990	3970
Gevaert	8420	8410
Hoboken	18750	18650
Intercom	3220	3430
Kredietbank	N.Q.	3900
Petrofina	11300	11675
Royal Belge	5600	5740
Soc Gen Banque	4850	4910
Soc Gen (resrv)	3255	3255
Sofina	13025	12800
Solvay	13600	13500
Tractebel	8900	8800
UCB	21800	21825
Unerg Ps	2470	2630

Current Stock Index : 6134.92
Previous : 6133.78

Frankfurt

	Close	Prev.
AEG	292	292
Allianz Hold	2460	2460
Altana	450	455
Asko	900	924
BASF	293	291.70
Bayer	295.70	294.30
Bay. Hypo bank	399	402
Bay Vereinsbk	371	366.50
BBC	700	709
BHF Bank	445	376
BMW	N.Q.	376
Commerzbank	276.50	277
Continental	282	284
Daimler Benz	816	807
Degussa	475	479.50
Dt Babcock	223	228.50
Deutsche Bank	767	761
Douglas	813	816
Dresdner Bank	427	425
Feldmuehle	512.50	513.50
Harpener	476	480
Henkel	628	483
Hochtief	1310	1320
Hoechst	284.50	284.40
Hoesch	340	343
Holzmann	1385	1425
Horten	270	277
IWKA	411	420
Kali Salz	254	258
Karstadt	674.80	678
Kaufhof	650	659
KHD	273	281
Kloeckner Werke	252	253
Krupp Stahl	252	410
Linde	983	982
Lufthansa	171	173.50
MAN	454	453
Mannesmann	361	357.50
Metallgesell	647	625.20
Muench Rueck	2150	2220
Nixdorf	277	331.50
PKI	531.50	532
Porsche	1120	1130
Preussag	449	458
PWA	220	220
RWE	468.50	465
Rheinmetall	416	396
Schering	798	805.50
SEL	386	385
Siemens	722	731.50
Thyssen	285.50	286.50
Varta	381	383
Veba	419	416.50
VEW	221.50	223
Viag	406.50	406
Volkswagen	580	579
Wella	760	765.50

DAX Index : 1813.26
Previous : 1811.78
FAZ Index : 764.62
Previous : 771.78

Helsinki

	Close	Prev.
Amer A	123	125
Enso-Gutzeit	31	31
K.O.P.	52	50
Kymmene	100	95
Nokia	110	110
Pohjola	185	170
Stockmann	200	205
United Papers	155	165
Wartsila	410	395

Unitas Index : 577.90
Previous : 577.20

Hong Kong

	Close	Prev.
Bk East Asia	13.40	13.30
Cathay Pacific	8.40	8.30
Cavendish Int'l	3.35	3.33
Cheung Kong	12.10	11.70
China Light Pwr	12.70	12.50
Dairy Farm Int'l	9	9.05
Hang Lung Dev	4.80	4.75
Hang Seng Bank	19.20	19
Henderson Land	7.20	7
HK Air Eng.	18.80	18.70
HK China Gas	10.10	9.90
HK Electric	7.60	7.55
HK Land	7.60	7.80
HK Realty Trust	4.43	4.40
HK Shang Bank	5.75	5.75
HK Shang Htls	4.70	4.68
HK Telecomm	5.40	5.40
HK Ferry	4.73	4.70
Hutch Whampoa	10.70	10.20
Hysan Dev	1.15	1.14
Jardine Math.	31.25	30.75
Jardine Str Hld	17.40	17.20
Kowloon Motor	6.85	6.80
Mandarin Orient	5.65	5.50
Miramar Hotel	6.85	6.80
New World Dev	10.20	10.10
SHK Props	13.70	13.30
Stelux	3.60	3.55
Swire Pac A	17.80	17.20
Tai Cheung Prps	4.03	3.98
TVE	0.94	0.96
Wharf Hold	7.40	7.35
Wing On Co	6.95	6.85
Winsor Ind.	7.75	7.65
World Int'l	3.75	3.68

Hang Seng Index : 2970.87
Previous : 2930.83

Johannesburg

	Close	Prev.
AECI	17.50	17.50
Altech	63.50	63
Anglo Amer Corp	132	134.25
Barlows	39	38.75
Blyvoor	11	11
Buffels	63	63
GFSA	82	83.50
Harmony	27	28.25
Highveld Steel	17.50	17.25
Kloof	39	39
Nedbank Grp	10.25	10.25
Rusplat	92	92.50
SA Brews	37.50	37.25
St Helena	40	40
Sasol	12.45	12.35
Welkom	23.75	23
Western Deep	142	142

Composite Stock Index : 3214
Previous : 3225

London

	Close	Prev.
Allied Lyons	4.73	4.75
Anglo Am Gld	N.Q.	49.75
AA Corp	19.38	20
Argyll Gp	1.09	1.11
Ass Brit Foods	3.95	3.91
Barclays	5.55	5.48
Bass	10.47	10.20
B.A.T.	6.90	6.88
Blue Circle	2.47	2.35
BOC Group	5.48	5.54
Boots	2.80	2.82
Bowater	5.08	5.03
BAe	5.07	5.22
BAA	4.04	4.03
Brit Airways	2.10	2.12
British Gas	2.18	2.13
BP	3.26	3.16
British Steel	1.45	1.44
Brit Telecom	2.80	2.75
BTR	4.27	4.17
Burmah Oil	6.16	5.92
Cable Wire	5.30	5.25
Cadbury Sch	3.33	3.32
Charter Cons	4.30	4.20
Comm Union	4.82	4.76
Cookson	1.98	1.96
Courtaulds	3.40	3.32
Dalgety	2.55	2.54
De Beers	15.13	15.75
Dixons	1.29	1.23
Driefontein	6.63	6.60
Eurotunnel	5.08	5.20
Fisons	3.69	3.61
Gen Acc F	10.68	10.48
GEC	2.09	2.13
GKN	3.75	3.70
Glaxo	8.24	8.14
Grand Met	6.05	5.95
Gt Univ Stores	13.63	13.50
GRE	2.32	2.30
Guinness	7.06	6.99
Hanson Tr	2.33	2.34
Hawker Sidd	6.68	6.57
ICI	11.80	11.67
Kingfisher	3.09	3.04
Land Sec	4.93	4.84
Legal Gen Grp	4	3.85
Lloyds Bank	2.75	2.68
Lonrho	2.44	2.39
Lucas Ind	6.18	6.10
Marks Sp	2.20	2.16
Maxwell	1.92	1.89
MB Group	2.15	2.08
Midland Bk	2.95	2.97
NatWest	3.46	3.37
Pearson Grp	7.10	7.03
P and O	6.15	6.04
Pilkington	2.02	1.95
Prudential	2.19	2.15
Racal Elec	2.19	2.15
Randfontein	N.Q.	3.22
Rank Org	8.02	7.85
Reed Intl	4.38	4.30
Reuters	11.40	11.25
Rolls Royce	2.19	2.13
Royal Dutch	45.19	44.38
RTZ	5	5.50
Saatchi	0.98	1
Sainsbury	2.81	2.73
Sears Holds	0.99	0.95
Shell	4.65	4.56
Skbeec	5.47	5.42
STC	2.60	2.59
Std Chart Bk	4.72	4.65
Storehouse	1.09	1.40
Sun Alliance	3.20	3.26
Tate and Lyle	2.88	2.89
Tesco	2.21	2.18
Thorn EMI	7.18	7.18
T.I. Group	4.88	4.75
Trafalgar Hse	3.08	3.05
THF	2.68	2.67
Ultramar	3.38	3.31
Unilever	6.80	6.75
Utd Biscuits	3.49	2.15
Vickers	2.24	2.17
War Loan 3½	1.44	32.78
Wellcome	6.88	6.83
Woolworth	64.50	63

F.T. 30 Index : 1829.50
Previous : 1810.80
F.T.S.E. 100 Index : 2303.50
Previous : 2282.10

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	3240	3270
Banco Central	4820	4810
Bco. Santander	4585	4600
Banesto	3970	3950
Dragados	3110	3100
Iberduero	642	642
Telefonica	815	823

S.E. General Index : 283.25
Previous : 282.51

Milan

	Close	Prev.
Banca Comm	5215	5235
Bastogi	358	358
Ciga hotels	5840	5848
CIR	5645	5635
Cred Ital	2787	2770
Enimont	1436	1460
Eridania	9890	9750
Ferruzzi Fin.	3089	3105
Ferruzzi Agr.	2585	2595
Fiat SPA	10500	10535
Generali	42600	42700
IFI	29850	30000
Italcem	14050	13990
Italgas	2770	2771
Italmobiliare	21590	21610
Mediobanca	22490	22500
Montedison	1985	2005
Olivetti	7280	7325
Pirelli	2845	2860
RAS	25400	25400
Rinascente	7300	7375
Saipem	2960	2971
SIP	1640	1673
SME	4090	4155
Snia	2670	2670
Standa	32650	32750
Stet	6364	6375
Toro Assi Risp	23900	24100

a: x 100.
MIB current index : 1070.20
Previous : 1066.10

Montreal

	Close	Prev.
Alcan Aluminum	25 1/8	24 3/4
Bank Montreal	26 1/8	26 3/8
Bell Canada	39 1/2	39 1/2
Bombardier A	17 3/4	17 3/4
Bombardier B	17 3/4	17 5/8
Cambior	15	14 1/2
Cascades	4	4.05
Dominion Text A	11 3/4	11 1/4
Donohue	N.Q.	10 1/4
MacMillan Bl	17 1/2	17 1/4
Memotec	8 1/2	N.Q.
Natl Bk Canada	9	9
Noverco	14 1/8	14 1/8
Power Corp.	15	N.Q.
Provigo	8 3/8	8 3/4
Quebec Tel	14 1/8	14 1/2
Quebecor A	N.Q.	12 1/2
Quebecor B	10 1/8	10 1/4
Videotron	11 1/2	11 1/2

Industrials Index : 1596.29
Previous : 1594.15

Paris

	Close	Prev.
Accor	995	976
Air Liquide	740	729
Avions Dassault	500	505
Bancaire (Cie)	660	650
BIC	605	615
Bongrain	3372	3358
Bouygues	657	670
BSN-GD	882	872
Carrefour	3725	3660
Cerus	397	401
C.G.E.	632	631
Chargeurs	1095	1063
Club Med	657	642
Dumez	660	670
Elf-Aquitaine	726	708
Europe 1	1430	1406
Gen. Eaux	2685	2649
Hachette	438	432
Havas	684	670
Imetal	355	355.90
Lafarge Coppee	475	454.60
Legrand	4460	4460
Oreal (L')	5420	5350
L.V.M.H.	4480	4420
Matra	411	410
Merlin Gerin	6200	5980
Michelin B	130.90	128.50
Moulinex	123.10	123
Occidentale	774	766
Paribas	690	691
Pernod-Ricard	1277	1282
Perrier	1745	1742
Peugeot	843	842
Printemps (Au)	666	668
Radiotechnique	694	704
Raff. St. Louis	1570	1560
Redoute (La)	3240	3180
Roussel Uclaf	2320	2260
Saint Gobain	599	599
Sanofi	1032	1018
Skis Rossignol	1077	1075
Ste Generale A	619	617
Suez	472.50	470
Telemecanique	4980	N.Q.
Thomson-CSF	128	129
Total	703	707
Valeo	646	649

CAC 40 Index : 2115.80
Previous : 2092.27

Sao Paulo

	Close	Prev.
Banco do Brasil	10.40	8.90
Bradesco	0.61	0.62
Brahma	3	3
Paranapanema	0.67	0.61
Petrobras	127	121
Vale Rio Doce	49.50	47
Varig	13.70	13.50

Bovespa Index : 14441
Previous : 13688

Singapore

	Close	Prev.
Cerebos	N.A.	—
City Dev.	3.60	3.58
DBS	13.40	13.40
Fraser Neave	9.50	9.50
Genting	9.40	9.30
Harrisons Plant	1.75	1.74
Haw Par	2.71	2.70
Hume	3.58	3.53
Inchcape	5.65	5.55
Keppel	7.90	7.80
KL Kepong	3.30	2.89
Lum Chang	1.52	1.52
Malayan Banka	9.05	9
OCBC	8.90	8.85
OUB	4.82	4.78
OUE	9.90	9.65
Sembawang	7.80	7.55
Shangrila	11.50	11.40
Sime Darby	2.95	2.70
SIA	13.70	13.70
S'pore Land	14.70	14.70
S'pore Press	8	7.95
Sing Steamship	3.86	3.70
Straits Trading	3.54	3.50
UOB	5.80	5.60
United Overseas	2.22	2.20

Straits Times Ind. : 1578.59
Previous : 1570.97

Stockholm

	Close	Prev.
AGA	280	275
Alfa Laval	250	250
Asea	730	720
Astra-A	492	480
Atlas Copco	348	352
Electrolux B	226	225
Ericsson	1081	1080
Esselte-A	225	225
Handelsbanken	116	116
Pharmacia-A	N.Q.	—
Norsk Hydro	209	207
Saab-Scania	280	284
Sandvik	297	295
SCA-A	137	136
S-E. Banken	80	80
Skandia Inl-A	N.A.	—
Skanska	510	511
SKF	162	161
Stora	338	342
Volvo	329	325

Affaersvaerlden : 1186.80
Previous : 1188.70

Sydney

	Close	Prev.
ANZ	4.74	4.70
BHP	8.92	8.90
Bond	0.12	0.12
Boral	3.43	3.45
Bougainville	1.05	1.10
Coles Myer	7.16	7.24
Comalco	4.05	4
CRA	11.70	11.70
CSR	5.08	5.06
Dunlop	4.75	4.75
Elders IXL	1.87	1.83
ICI Australia	4.41	4.45
Magellan	1.55	1.55
MIM	2.15	2.15
Nat Aust Bank	6.34	6.26
News Corp	10.15	10.10
N Broken Hill	6.34	2.16
Poseidon	4.75	2.28
OCT Resources	1.37	1.36
Santos	4.32	4.30
TNT	2.44	2.42
Western Mining	4.38	4.34
Westpac Banking	4.76	4.75
Woodside	2.90	2.93

All ordinaries Index : 1465.40
Previous : 1458.00

Tokyo

	Close	Prev.
Akai Electr	1060	1050
Asahi Chemical	913	917
Asahi Glass	1860	1850
Bank of Tokyo	1430	1400
Bridgestone	1520	1520
Canon	1770	1730
Casio	1640	1620
C.Itoh	889	880
Dai Nippon Print	1930	1940
Daiwa House	2280	2280
Daiwa Securities	1640	1570
Fanuc	7280	7270
Fuji Bank	2850	2740
Fuji Photo	4120	4120
Fujitsu	1460	1470
Hitachi	1580	1590
Hitachi Cable	1110	1130
Honda	1800	1800
Ito Yokado	4150	4090
Japan Air Lines	18100	18000
Kajima	1750	1760
Kansai Power	3920	3840
Kawasaki Steel	635	630
Kirin Brewery	1810	1800
Komatsu	1100	1110
Kubota	1130	1100
Kyocera	7790	7700
Matsu Elec Inds	2230	2230
Matsu Elec Wks	2110	2060
Mitsubishi Bk	2460	2500
Mitsubishi Kasei	805	812
Mitsubishi Elec	990	983
Mitsubishi Hev	1080	972
Mitsubishi Corp	1470	1440
Mitsui and Co	963	953
Mitsukoshi	1860	1840
Mitsumi	1490	1480
NEC	2120	2110
NGK Insulators	1560	1510
Nikko Securities	1370	1330
Nippon Kogaku	1510	1510
Nippon Oil	1190	1200
Nippon Steel	624	613
Nippon Yusen	908	905
Nissan	1180	1150
Nomura Sec	2390	2340
NTT (SF)	11150	10874
Olympus Optical	1650	1590
Pioneer	6030	5970
Ricoh	1150	1160
Sanyo Elec	927	928
Sharp	1820	1740
Shimazu	1280	1290
Shinetsu Chem	1720	1680
Sony	8800	8680
Sumitomo Bk	2740	2670
Sumitomo Chem	700	700
Sumi Marine	1140	1160
Sumitomo Metal	620	610
Taisei Corp	1300	1270
Taisho Marine	1160	1160
Takeda Chem	1830	1760
TDK	6770	6700
Teijin	777	770
Tokyo Marine	1550	1560
Tokyo Elec Pw	4850	4660
Toppan Printing	1830	1850
Toray Ind.	838	854
Toshiba	1070	1090
Toyota	2440	2410
Yamaichi Sec	1400	1370

Nikkei 225 : 31938
Previous : 31765
Topix Index : 2391
Previous : 2375

Toronto

	Close	Prev.
Abitibi Price	15	15
Agnico Eagle	9 1/4	8 7/8
Air Canada	9 3/4	9 7/8
Alberta Energy	16 1/4	16 1/8
Am Barrick Res	23 1/4	22 3/4
BCE	39 1/2	39 1/2
BCED	0.34	0.35
Bk Nova Scotia	13 1/8	13 1/4
BC Gas	14 1/4	14 1/4
BC Phone	17 7/8	18
BP Canada	18 1/4	18 3/4
Bramalea	13	13 1/4
Brunswick	9 3/4	N.Q.
CAE	6	6
Campeau	1.78	1.83
CIBC	26 3/4	26 3/4
Canadian Pacific	21 3/4	21 1/2
Can Packers	13 1/2	13
Can Tire A	22	22 1/2
Cantor	26 3/8	26 1/8
Cara	N.Q.	—
CCL Ind B	9	8 7/8
Cineplex	6 1/4	6 1/8
Cominco	26 1/2	26 1/2
Conwest Expl A	N.Q.	13 3/4
Corona A	N.Q.	9
Denison Min B	1.15	N.Q.
Dickenson Min A	N.Q.	4.95
Dofasco	22	21 3/4
Dylex A	6 3/4	6 3/8
Echo Bay Mines	16	15 3/4
Equity Silver A	2.28	2.08
FCA Intl	9 1/8	N.Q.
Fed Ind A	12 3/8	N.Q.
Fletcher Chall A	16 5/8	16 1/2
FPI	N.Q.	—
GoldCorp	4.80	4 3/4
Grafton Group	N.Q.	—
Gulf Cda Res	15 3/8	15 1/2
Hees Intl	24 1/2	23 7/8
Hemlo Gld Mines	14 7/8	14 1/4
Hollinger	11 3/4	11 1/4
Horsham	9 7/8	10
Hudson Bay	6 3/8	N.Q.
Imasco	36 1/4	36 1/4
Inco	31 1/4	30 3/4
Interhome	47 1/4	47 1/4
Jannock	16 1/4	15 3/8
Labatt	20 7/8	21
Loblaw Co	16	15 7/8
Mackenzie	7 1/4	7 1/4
Magna Intl A	3.80	3.80
Maritime	N.Q.	17
Mark Res	11 1/2	11 1/2
MacLean Hunt X	N.Q.	—
Molson A	37 7/8	38 1/4
Noma Ind A	N.Q.	—
Noranda	19	18 3/4
Noranda Forest	10 1/8	10 1/8
Norcen Energy	25 5/8	25 1/4
Nova Corp	N.Q.	7 3/4
Oshawa	38 3/4	31
Pagurin A	7 7/8	7 3/8
Placer Dome	20 1/8	19 7/8
Poco Petroleum	6 3/4	6 3/4
PWA Corp	10 1/4	10 1/4
Quebec Sturgeon	1	N.Q.
Rayrock	10 1/4	9 3/4
Renaissance	28	28 1/4
Rogers B	8	8
Rothmans	N.Q.	67
Royal Bank Can	21 1/2	21 3/4
Royal TrustCo	14 1/4	14 1/2
Sceptre Res	3.55	3.55
Scott's Hosp	16	16
Seagram	99 1/2	99 1/4
Sears Can	11 5/8	11 5/8
Shell Can	38	38
Sherritt Gordon	N.Q.	7 3/4
SHL Systemhse	6 1/2	6 1/2
Southam	N.Q.	24 1/4
Spar Aerospace	N.Q.	8 1/4
Steico A	16 1/2	16 3/4
Teck B	25 1/4	25 1/2
Thomson News	N.Q.	14
Toronto Domn	17 3/4	17 1/4
Torstar B	N.Q.	27 3/4
Transalta Util	12 3/4	12 3/4
TransCda Pipe	15 1/4	15 1/4
Trilon Finl A	17 1/2	17 1/2
Trimac	7	7 1/8
Trizec A	18 3/4	18 5/8
Turbo Resources	0.41	0.42
Unicorp A	N.Q.	2.27
Woodward's Ltd	1.47	1.40

TSE 300 Index : 3537.60
Previous : 3516.70

Zurich

	Close	Prev.
Adia Intl	1510	1480
Alusuisse	1300	1280
Bank Leu	2430	2450
Brown Boveri	5900	5700
Ciba Geigy	3200	3150
CS Holding	2400	2380
Elektrow	3070	3090
Fischer	2280	N.A.
Interdiscount	4540	4550
Jacobs Suchard	6900	6900
Jelmoli	2200	2210
Landis Gyr	1400	1400
Moevenpick	5200	5250
Nestle	8850	8800
Oerlikon-B	965	980
Pargesa Hld	1420	1440
Roche Holding B	N.A.	3985
Sandoz	2170	2160
Schindler	6900	6875
Sulzer	740	740
Surveillance	5210	5150
Swissair	985	980
SBC	316	315
Swiss Reinsur	574	573
Swiss Volksbank	1560	1545
Union Bank	3460	3400
Winterthur	3730	3740
Zurich Ins	2020	2010

SBS Index : 658.10
Previous : 646.40

U.S. FUTURES

Via Associated Press May 22

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.85	3.32	Jul	3.36	3.37 1/2	3.34 1/4	3.34 3/4	−.02 1/4
3.73	3.38 1/2	Sep	3.41	3.43 1/2	3.38 1/2	3.38 3/4	−.02 1/4
3.80	3.50 1/2	Dec	3.54 1/4	3.56 1/2	3.51	3.51 1/4	−.03
3.85	3.56 1/2	Mar	3.60 1/2	3.61 1/4	3.56 1/2	3.56 1/2	−.03 1/2
3.73	3.50 1/2	May	3.52	3.55	3.48	3.48	−.02 1/2
Est. Sales	Prev. Sales 16,123						
Prev. Day Open Int. 56,321 off 1,364							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
2.93 3/4	2.31	Jul	2.77	2.78 1/4	2.74 1/4	2.74 3/4	−.02 1/4
2.86	2.29	Sep	2.71 1/4	2.72 3/4	2.68 1/2	2.69 1/4	−.01 1/2
2.82	2.22	Dec	2.65 3/4	2.69 1/4	2.65	2.66 1/4	+.01
2.88	2.41	Mar	2.71 1/4	2.75	2.70 3/4	2.72	+.01 1/4
2.90 1/2	2.49 3/4	May	2.73 1/2	2.79	2.74 1/4	2.75 1/4	+.01 1/4
2.94	2.63	Jul	2.76 3/4	2.81	2.76 1/2	2.76 3/4	+.01 1/2
Est. Sales	Prev. Sales 57,909						
Prev. Day Open Int.244,772 off 1,692							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
7.31	5.78	Jul	6.12 1/2	6.17	6.08 1/2	6.09	−.01 1/2
7.05	5.78	Aug	6.17 1/2	6.23	6.14 1/2	6.14 3/4	−.01 3/4
6.76	5.68	Sep	6.21	6.25	6.17	6.17 1/4	−.01
6.82	5.64 1/2	Nov	6.28	6.33	6.24	6.24 1/2	−.01
6.91	5.87	Jan	6.37	6.43	6.35	6.35 1/2	+.00 1/4
7.81	5.65 1/2	Mar	6.47	6.53	6.46	6.46 1/4	+.00 1/4
7.06	6.14 1/2	May	6.54 1/2	6.61	6.53	6.53 1/4	−.01 1/4
Est. Sales	Prev. Sales 40,886						
Prev. Day Open Int.127,085 off 1,657							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
208.00	167.80	Jul	178.60	180.50	177.90	179.20	+.80
198.00	170.10	Aug	180.00	182.20	179.50	180.70	+.80
200.00	171.50	Sep	182.00	184.20	181.50	182.80	+1.10
200.00	173.80	Oct	183.00	185.80	183.00	184.00	+1.00
205.50	174.00	Dec	187.00	189.30	186.80	188.10	+1.30
204.00	178.00	Jan	189.00	190.80	188.00	190.00	+1.30
212.00	181.00	Mar	191.50	193.00	191.50	193.50	+1.80
208.00	188.00	May	195.00	195.00	195.00	195.00	+1.50
209.00	189.50	Jul	194.00	197.00	194.00	196.50	+2.00
Est. Sales	Prev. Sales 14,443						
Prev. Day Open Int. 72,710 off 1,273							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.80	19.50	Jul	23.71	23.79	23.35	23.36	−.28
24.87	19.50	Aug	23.45	23.42	23.21	23.22	−.20
24.60	19.50	Sep	23.25	23.35	23.01	23.01	−.18
24.35	19.65	Oct	22.90	23.05	22.72	22.73	−.10
24.12	19.75	Dec	22.58	22.82	22.35	22.37	−.14
23.95	19.81	Jan	22.35	22.55	22.18	22.20	−.10
23.81	19.82	Mar	22.20	22.20	22.00	22.02	−.08
23.70	20.15	May	21.85	21.85	21.85	21.85	−.05
23.70	21.05	Jul	21.75	21.75	21.65	21.70	−.11
Est. Sales	Prev. Sales 24,621						
Prev. Day Open Int.101,891 off 2,006							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
75.42	69.75	Jun	74.70	74.70	74.12	74.37	−.45
74.15	69.12	Aug	73.75	73.85	73.40	73.77	−.30
76.00	68.30	Oct	75.80	75.85	75.42	75.82	−.15
76.15	71.00	Dec	75.97	75.97	75.57	75.90	−.17
76.15	72.50	Feb	75.78	75.70	75.32	75.67	−.15
76.70	74.15	Apr	76.50	76.50	76.15	76.30	−.15
74.60	73.70	Jun	74.00	74.00	73.55	73.60	−.25
Est. Sales 18,967	Prev. Sales 15,498						
Prev. Day Open Int. 98,153 up 776							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
85.70	78.60	May	85.62	85.70	85.45	85.52	−.15
84.80	78.50	Aug	84.62	84.65	84.30	84.57	−.28
83.95	78.00	Sep	83.70	83.70	83.45	83.52	−.30
83.95	78.20	Oct	83.77	83.77	83.37	83.52	−.25
83.95	79.00	Nov	83.70	83.70	83.52	83.70	−.22
83.70	79.75	Jan	83.55	83.55	83.15	83.40	−.45
82.50	80.90	Mar	82.20	82.20	82.00	82.20	−.30
81.35	81.35	Apr	81.90	81.90	81.70	81.80	−.05
Est. Sales 791	Prev. Sales 1,783						
Prev. Day Open Int. 11,744 up 110							
HOGS (CME) 30,000 lbs.- cents per lb.							
67.15	44.25	Jun	66.92	67.87	66.52	66.92	−.08
65.32	44.95	Jul	64.95	65.10	64.92	64.62	−.35
63.20	43.70	Aug	62.55	62.80	62.15	62.57	−.05
55.70	40.80	Oct	54.82	55.00	54.37	54.70	−.35
55.45	44.25	Dec	54.80	54.90	54.50	54.62	−.35
52.95	45.25	Feb	52.40	52.60	52.10	52.25	−.35
48.80	45.15	Apr	48.70	48.70	48.20	48.40	−.30
51.85	50.45	Jun	51.50	51.50	51.40	51.40	−.10
Est. Sales 10,556	Prev. Sales 12,066						
Prev. Day Open Int. 48,303 off 1,464							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
71.67	39.50	May	67.70	69.40	67.55	69.40	+1.15
71.40	39.95	Jul	67.50	69.25	67.50	69.15	+1.15
69.15	39.30	Aug	65.20	67.00	65.10	66.90	+1.20
63.40	48.07	Feb	60.20	60.55	59.95	60.22	+.38
61.30	50.30	Mar				59.50	+.25
61.20	57.00	May	59.25	59.25	59.25	60.15	−.25
Est. Sales 7,146	Prev. Sales 10,393						
Prev. Day Open Int. 14,395 off 67							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
132.25	74.85	Jul	97.25	97.30	95.80	97.25	+.48
120.00	77.25	Sep	98.80	99.15	97.80	99.11	+.38
109.50	81.00	Dec	101.40	101.75	100.40	101.73	+.35
116.75	83.00	Mar	103.25	104.00	102.40	104.00	+.50
123.00	91.25	May				105.75	+.50
110.00	92.75	Jul				107.63	+.88
108.90	102.50	Sep				107.50	+.97
		May				105.75	+.50
Est. Sales 5,528	Prev. Sales 5,989						
Prev. Day Open Int. 42,118 off 84							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
16.27	10.55	Jul	14.55	14.65	14.42	14.56	+.04
16.13	10.40	Oct	14.50	14.62	14.41	14.54	+.03
13.22	12.10	Mar	13.95	14.08	13.90	14.01	+.02
15.05	13.00	May	13.87	13.94	13.87	13.92	+.01
14.90	13.15	Jul	13.70	13.75	13.68	13.75	
14.40	.72	Oct				13.60	
Est. Sales 15,296	Prev. Sales 26,514						
Prev. Day Open Int.168,158 off 142							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1493	921	Jul	1495	1502	1428	1491	+45
1515	941	Sep	1455	1513	1451	1509	+37
1527	965	Dec	1467	1528	1466	1525	+38
1536	985	Mar	1492	1543	1491	1544	+40
1550	1000	May				1560	+40
1558	1060	Jul	1520	1520	1520	1571	+40
Est. Sales 8,780	Prev. Sales 7,544						
Prev. Day Open Int. 51,201 off 739							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
205.50	122.00	Jul	194.10	196.00	193.25	194.55	+1.60
202.00	123.50	Sep	190.00	191.50	190.00	190.65	+1.95
199.50	124.00	Nov	182.95	184.00	182.95	184.45	+1.50
191.00	125.80	Jan	179.50	179.50	179.00	179.45	+1.45
190.50	170.50	Mar	180.00	180.00	180.00	180.00	+1.95
190.00	171.75	May				179.00	+1.20
		Jul				179.00	+1.20
Est. Sales	Prev. Sales 337						
Prev. Day Open Int. 10,305							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER 25,000 lbs.- cents per lb.							
127.10	94.50	May	121.00	122.00	120.50	121.75	+1.85
123.00	93.20	Jun	117.90	119.90	117.90	119.50	+1.85
119.25	93.25	Jul	114.20	116.85	113.90	116.15	+2.10
113.20	95.00	Aug	111.80	112.20	111.30	111.50	+2.00
113.30	92.50	Sep	108.90	111.80	108.80	110.25	+1.95
109.80	94.50	Oct	109.50	109.50	109.50	108.90	+1.80
106.30	94.50	Nov				107.45	+1.70
118.00	91.50	Dec	105.50	106.90	105.50	106.15	+1.45
104.00	94.80	Jan				105.05	+1.55
103.00	99.50	Feb				104.00	+1.50
106.00	92.30	Mar	102.50	103.30	102.50	102.95	+1.45
101.00	101.00	Apr				102.35	+1.45
103.40	97.00	May	102.00	102.00	101.90	101.75	+1.45
		Jul				100.55	+1.45
		Sep				99.75	+1.45
		Dec				98.75	+1.45
		Jan				98.45	+1.45
96.50	96.50	Mar				97.65	+1.45
Est.Sales 5,000	Prev.Sales 5,376		Prev.Day Open Int. 31,293				Chg. −232
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
75.00	65.00	May				75.00	
		Jun				73.50	
95.50	66.00	Jul				73.00	
74.50	74.50	Sep				73.50	
		Dec				73.50	
		Jan				73.50	
		Mar				73.50	
		May				73.50	
		Jul				73.50	
		Sep				73.50	
		Dec				73.50	
		Jan				73.50	
		Mar				73.50	
Est. Sales	Prev. Sales						
Prev. Day Open Int. 7							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
910.0	488.0	May	515.0	527.0	514.0	528.3	+15.2
517.1	496.0	Jun	515.0	519.5	515.0	529.5	+15.0
761.5	497.0	Jul	519.7	534.5	516.5	533.5	+15.0
760.0	505.0	Sep	528.0	544.0	525.0	542.0	+15.0
742.0	517.0	Dec	539.5	556.0	537.5	553.8	+15.1
688.0	529.0	Jan	548.0	548.0	548.0	557.7	+15.1
665.0	530.0	Mar	550.5	562.5	550.5	565.4	+15.2
647.0	539.0	May				573.7	+15.3
667.5	548.0	Jul				582.1	+15.4
654.0	557.0	Sep				590.9	+15.5
623.5	569.5	Dec				603.7	+15.6
596.0	586.0	Jan				608.0	+15.6
		Mar				617.4	+15.7
Est. Sales 18,000	Prev. Sales 16,507						
Prev. Day Open Int. 97,934 up 1,924							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
556.00	465.00	Jul	502.40	508.90	498.50	504.90	+3.80
560.50	473.00	Oct	506.00	514.00	506.00	511.00	+3.40
551.00	484.50	Jan	512.50	518.00	512.50	516.90	+3.40
554.50	492.00	Apr	523.00	523.00	523.00	522.80	+3.20
528.50	504.00	Jul				528.70	+3.00
Est. Sales	Prev. Sales 7,431						
Prev. Day Open Int. 17,538 up 232							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
175.00	115.00	Jun	120.50	122.75	120.50	122.50	+1.70
149.50	114.50	Sep	122.00	122.50	121.50	122.40	+.20
147.00	118.25	Dec	123.00	123.50	123.00	123.20	−.20
142.00	123.00	Mar	125.20	125.20	125.20	124.70	−.20
125.25	125.25	Jun				126.20	−.20
Est. Sales	Prev. Sales 761						
Prev. Day Open Int. 5,547 off 98							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
378.00	368.00	May	375.00	375.00	375.00	375.60	+2.20
497.00	366.70	Jun	374.90	377.60	373.50	376.40	+2.30
376.50	370.00	Jul	379.50	379.50	379.50	378.60	+2.10
487.00	371.00	Aug	379.70	382.50	378.50	381.10	+2.00
472.00	376.30	Oct	388.00	387.50	385.50	386.00	+1.90
455.50	381.20	Dec	389.80	392.50	388.50	390.80	+1.90
457.50	387.00	Feb	394.50	395.50	394.50	395.80	+2.00
460.00	392.00	Apr	399.50	401.80	399.50	400.60	+2.00
466.20	397.00	Jun				405.80	+2.00
468.00	389.20	Aug				410.70	+2.00
476.80	410.50	Oct				416.10	+2.00
483.00	414.50	Dec	419.40	421.50	419.40	421.50	+2.00
433.80	421.60	Feb				427.20	+2.00
Est. Sales 50,000	Prev. Sales 22,180						
Prev. Day Open Int.115,530 off 1,368							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.65	91.10	Jun	92.27	92.30	92.27	92.27	+.02
93.65	91.28	Sep	92.35	92.43	92.35	92.41	+.08
93.32	91.61	Dec	92.37	92.40	92.36	92.39	+.09
93.20	91.66	Mar				92.41	+.08
92.70	91.52	Jun				92.20	+.08
91.75	91.60	Sep				92.19	
Est. Sales	Prev. Sales 2,476						
Prev. Day Open Int. 22,628 off 1,558							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
101-6	92-26	Jun	95-1	95-22	95	95-20	+20
100-14	92-24	Sep	94-31	95-20	94-31	95-19	+21
96-27	94-9	Dec	95-6	95-18	95-6	95-17	+21
94-25	94-20	Mar				95-14	+20
Est. Sales	Prev. Sales 22,366						
Prev. Day Open Int. 80,678 off 3,344							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
100-15	75	Jun	91-26	92-22	91-24	92-18	+25
100-4	79-1	Sep	91-21	92-17	91-20	92-13	+25
99-24	80	Dec	91-13	92-8	91-13	92-6	+25
99-12	79-21	Mar	91-18	92-1	91-18	92-1	+25
99-4	78-18	Jun	91-12	91-27	91-12	91-27	+25
99-5	86-4	Sep	91-4	91-21	91-4	91-21	+25
98-20	87-19	Dec	90-23	90-23	90-23	91-16	+25
98-13	87-18	Mar				91-11	+25
97-19	87-19	Jun				91-6	+25
92-12	87-14	Sep				91-1	+25
Est. Sales	Prev. Sales127,183						
Prev. Day Open Int.288,179 off 7,824							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
95-13	87-2	Jun	90-23	91-2	90-23	90-27	+7
95-11	86-21	Sep	90-6	90-12	90-6	90-7	+10
90-6	86-30	Dec				89-23	+10
Est. Sales	Prev. Sales 2,041						
Prev. Day Open Int. 10,494 up 163							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
92.45	88.82	Jun	91.60	91.60	91.56	91.58	+.04
92.39	88.74	Sep	91.54	91.56	91.48	91.54	+.08
92.15	89.85	Dec	91.33	91.41	91.33	91.39	+.07
92.01	89.56	Mar	91.17	91.24	91.17	91.23	+.08
91.85	89.71	Jun	91.01	91.08	91.01	91.07	+.08
91.83	90.04	Sep	90.94	91.08	90.94	91.08	+.08
91.78	90.04	Dec	90.83	90.88	90.83	90.87	+.07
91.82	90.09	Mar	90.80	90.85	90.80	90.84	+.06
91.76	90.35	Jun	90.73	90.77	90.73	90.77	+.06
91.72	90.32	Sep	90.72	90.73	90.71	90.73	+.06
91.53	90.24	Dec	90.65	90.66	90.63	90.65	+.06
91.45	90.28	Mar	90.62	90.68	90.62	90.67	+.06
91.51	90.27	Jun	90.59	90.62	90.59	90.63	+.06
91.47	90.27	Sep	90.60	90.68	90.59	90.61	+.06
91.37	90.22	Dec	90.52	90.54	90.52	90.54	+.06
90.77	90.34	Mar	90.56	90.56	90.56	90.56	+.06
Est. Sales	Prev. Sales 57,498						
Prev. Day Open Int.659,714 off 3,496							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.6870	1.4400	Jun	1.6822	1.6860	1.6786	1.6842	+58
1.7700	1.5290	Sep	1.6550	1.6602	1.6540	1.6586	+56
1.6350	1.5640	Dec	1.6348	1.6370	1.6346	1.6354	+52
Est. Sales	Prev. Sales 10,261						
Prev. Day Open Int. 39,431 up 832							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8570	.8088	Jun	.8420	.8432	.8338	.8401	−55
.8470	.8093	Sep	.8330	.8332	.8298	.8299	−58
.8420	.8058	Dec	.8212	.8220	.8198	.8210	−61
.8365	.7990	Mar	.8125	.8128	.8095	.8129	−64
.8299	.7995	Jun	.8115	.8115	.8038	.8054	−75
.8138	.8055	Sep	.8015	.8015	.8015	.7985	−78
Est. Sales	Prev. Sales 5,602						
Prev. Day Open Int. 34,815 off 219							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6153	.5057	Jun	.5986	.5997	.5972	.5977	−38
.6155	.5725	Sep	.5985	.5997	.5973	.5976	−39
.6158	.5769	Dec	.5973	.5981	.5967	.5973	−40
.6140	.5820	Mar				.5970	−41
Est. Sales	Prev. Sales 32,955						
Prev. Day Open Int. 66,766 off 3,616							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.007530	.006254	Jun	.006586	.006618	.006579	.006611	+98
.007390	.006268	Sep	.006604	.006636	.006597	.006629	+100
.007080	.006290	Dec	.006616	.006660	.006616	.006649	+102
.006705	.006315	Mar				.006670	+104
Est. Sales	Prev. Sales 17,421						
Prev. Day Open Int. 78,833 off 3,427							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7205	.5850	Jun	.7049	.7065	.7029	.7046	+16
.7202	.6050	Sep	.7026	.7054	.7025	.7040	+15
.7197	.5600	Dec	.7026	.7026	.7024	.7041	+14
.7165	.6580	Mar	.7040	.7040	.7040	.7050	+9
Est. Sales	Prev. Sales 25,446						
Prev. Day Open Int. 42,110 off 4,189							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
207.00	177.50	Jul	203.10	203.50	200.40	200.80	−2.00
206.90	192.80	Sep	202.30	202.70	199.90	200.40	−1.30
201.40	189.90	Nov	198.10	198.10	196.40	197.00	−1.20
203.10	186.30	Jan	199.10	199.10	198.50	199.00	−1.00
204.40	191.00	Mar	201.30	201.30	199.00	199.50	−1.00
204.40	196.50	May	199.00	199.00	199.00	199.50	−.50
Est. Sales 1,031	Prev. Sales 289						
Prev. Day Open Int. 4,533 off 14							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
78.70	63.70	Jul	78.13	79.94	77.80	79.77	+1.64
72.30	63.95	Oct	72.13	72.65	72.05	72.27	+.04
69.20	62.80	Dec	68.95	69.10	68.65	68.86	−.24
69.90	63.82	Mar	69.90	69.90	69.65	69.70	−.15
70.05	64.40	May	70.05	70.15	69.90	70.00	−.09
77.40	65.67	Jul	70.35	70.50	70.10	69.97	−.19
		Oct				63.75	+.42
Est. Sales	Prev. Sales 9,390						
Prev. Day Open Int. 38,920 up 1,406							
HEATING OIL (NYME) 42,000 gal- cents per gal							
57.70	44.90	Jun	51.20	51.85	51.15	51.30	−.14
57.20	46.80	Jul	50.90	51.40	50.77	51.20	+.11
57.40	47.80	Aug	51.85	52.45	51.70	52.05	
58.00	48.00	Sep	54.35	53.85	53.25	53.65	+.03
58.50	52.80	Oct	54.30	54.60	54.25	54.60	
59.40	51.80	Nov	55.25	55.55	55.30	55.30	−.35
60.15	52.85	Dec	56.40	56.50	56.15	56.30	−.15
60.40	54.60	Jan	56.75	56.80	56.50	56.50	−.25
60.00	54.35	Feb	56.15	56.25	55.90	55.90	−.20
53.90	51.70	Apr	52.55	52.55	52.55	52.55	
53.15	51.00	May	51.40	51.40	51.40	51.40	
Est. Sales	Prev. Sales 15,978						
Prev. Day Open Int. 86,195 up 652							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
22.05	16.50	Jun	18.10	18.32	17.60	17.65	−.41
21.80	16.60	Jul	18.90	19.13	18.78	18.92	−.12
21.63	16.39	Aug	19.30	19.55	19.28	19.40	−.03
21.52	16.58	Sep	19.61	19.83	19.58	19.80	+.11
21.46	16.59	Oct	19.84	20.03	19.84	19.92	+.02
21.48	17.30	Nov	19.96	20.10	19.92	20.03	+.07
21.50	12.80	Dec	20.00	20.15	19.98	20.02	+.02
21.45	17.87	Jan	20.05	20.13	19.96	19.96	−.02
21.35	18.15	Feb	20.04	20.10	19.98	20.08	+.12
21.43	18.40	Mar	20.05	20.13	20.05	20.10	+.16
21.55	18.03	Apr	20.00	20.00	20.00	20.00	+.08
21.45	18.03	May	20.01	20.05	20.00	20.05	+.15
21.45	16.45	Jun	19.93	19.93	19.93	19.07	−.01
21.45	17.08	Jul	19.98	19.98	19.98	19.98	+.12
20.42	19.67	Oct	19.95	19.95	19.95	19.95	+.13
20.22	19.70	Nov	19.90	19.98	19.90	19.90	+.09
Est. Sales	Prev. Sales 88,422						
Prev. Day Open Int.278,128 up 3,323							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
373.20	324.70	Jun	361.00	361.70	357.00	360.80	+1.80
372.50	329.00	Sep	366.00	366.65	361.90	365.75	+1.75
378.00	333.50	Dec	370.80	370.80	369.80	370.45	+1.75
371.80	343.30	Mar	374.50	374.50	370.80	374.55	+.75
Est. Sales 3,019	Prev. Sales 47,377						
Prev. Day Open Int.127,779 up 1,635							
VALUE LINE (KCBT) points and cents							
317.30	266.40	Jun	286.30	286.80	283.60	286.25	+1.45
290.75	272.00	Sep	287.70	287.70	287.70	290.30	+1.45
287.30	279.50	Dec				294.40	+1.45
Est. Sales	Prev. Sales 95						
Prev. Day Open Int. 1,492 off 21							
NYSE COMP. INDEX (NYFE) points and cents							
205.45	179.00	Jun	196.90	197.10	194.65	196.70	+.90
209.00	181.00	Sep	199.45	199.50	197.20	199.15	+1.00
204.90	185.75	Dec	201.00	201.00	201.00	201.65	+1.10
200.65	193.15	Mar				203.95	+1.20
Est. Sales	Prev. Sales 5,880						
Prev. Day Open Int. 5,380 up 261							

Commodity Indexes

	Close	Previous
Moody's	1,198.00 f	1,191.90 f
Reuters	1,921.60	1,905.80
D.J. Futures	134.52	134.09
Com. Research	246.62	245.70

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

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EUROPE: *East's Next Big Challenge Is Privatizing State Companies*

(Continued from Page 1)

enterprises — those which are successful," said Vladimir Dlouhy, the deputy prime minister of Czechoslovakia.

Obsolete money-losing mastodons, like steel mills, are not being put up for sale, at least for now, because government officials know there would be few buyers. Officials hope to nurse these companies back to health and then privatize them, as Prime Minister Margaret Thatcher did with British Steel during the 1980s.

But some government officials say privately that as many as half of the companies are probably too antiquated or inefficient ever to be saved or privatized.

The obstacles to selling off the state-owned companies are numerous and formidable, embracing politics, economics and social attitudes.

While East Europeans may have hated communism, many of them are ambivalent about capitalism, and this has made privatization a popular target of criticism.

Everyone in the region wants the fruits of a market economy — greater efficiency, more and better goods on store shelves, and higher living standards. But many are only beginning to recognize the drawbacks of capitalism — longer and harder workdays, layoffs and social divisions between the rich and the poor.

Privatization is expected to make managers worry more about profits and efficiency, and workers fear that it will mean layoffs and pressures to work harder.

Privatization has already produced its first scandals, an East European version of insider trading on Wall Street. In Hungary, the scandal surrounding some of the selloffs forced the government to suspend its privatization program in March, but it has since resumed.

In one of the suspect Hungarian deals, the Apisz chain of stationery stores, was sold to an outside investor for a remarkably cheap price, equal to one-third of the company's annual profits, and managers made a killing.

Other selloffs were also completed at prices that many Hungarians found scandalously low. The suspect deals were typically initiated by management and had minimal government review. Hungary's parliament has set up the State Property Office to make sure privatizations are carried out honestly and openly.

Potential for Privatization

Estimated number of state-owned enterprises in selected Eastern Europe countries. By many estimates, Eastern European countries have more than $100 billion of state-owned assets to sell. Figures are not available for Czechoslovakia, which initially plans to privatize only a small group of successful enterprises.

Country	Enterprises
EAST GERMANY	8,000
HUNGARY	2,000
POLAND	8,000

East Germany: The state has a monopoly over foreign trade, banking, insurance, water, energy, transportation and telecommunications. A state planning commission currently makes all economic decisions.

Hungary: With a few exceptions for small businesses, all economic activity is run by state-owned enterprises or cooperatives. An enterprise council controls 75 percent of the businesses while state authorities control the rest. The Parliament must authorize the reorganization or sale of those businesses controlled by an enterprise council.

Poland: The state is involved in 94 percent of the non-agricultural sector of the economy. A small private sector exists in trade, industry and services, but its impact is largely insignificant. Some 2.8 million private farms produce about 75 percent of the country's agricultural output. Some 5,000 state-owned farms produce the rest.

Source: Center for Privatization

The New York Times

There are many practical obstacles to privatization in Eastern Europe. Hungarians and Poles, for instance, often do not have money to buy enough food, so they have little in the way of savings to buy shares in companies being privatized.

To counter the cash shortage, several proposals have been advanced, aside from seeking foreign investors. In Poland, the parliament is debating whether workers should be entitled to buy shares in privatized companies at large discounts.

In Czechoslovakia, Finance Minister Vaclav Klaus has proposed distributing to all citizens vouchers that would be used to buy shares. In Hungary, government officials have recommended allowing people to borrow 90 percent of the money they pay to buy shares.

The backward state of Eastern Europe's financial infrastructure is another problem: stock exchanges are in their infancy and the investment banking community is minuscule.

The issue of foreign ownership is potentially explosive. Many East Europeans are already protesting "foreign domination." This was a major issue in Hungary's recent elections, and many Poles fear that West Germany will buy up all the best Polish businesses.

So, East European officials insist that domestic capital should play an important role in privatizations. But these officials also recognize that they badly need foreign investors, not only for capital but also for managerial and technological expertise.

Many East European analysts say the concerns about foreign domination are exaggerated.

"For a nation the size of Hungary, it would be normal if one-third of our businesses were foreign owned, but now just 1 or 2 percent are," said Marton Tardos, one of Hungary's leading economists. He noted that before World War II more than 20 percent of Hungarian industry was foreign owned.

Still, potential foreign investors find that evaluating East European companies is tricky. Communist accounting, price controls and huge subsidies make it hard to compute value or profitability.

Despite these difficulties, government officials say that selling companies to the private sector should persuade foreign investors that Eastern Europe is committed to economic reform and that its prospects for growth will improve.

"We are going to change our system of ownership," said Krzysztof Lis, Poland's minister for privatization. "This is the highest grade insurance for Western investors: that we are moving to a market economy."

While some basics of Communist economies can be liquidated overnight — price controls can be removed and subsidies slashed — privatizations are too complicated financially, politically and socially to be completed quickly.

Mr. Tompe, who heads Hungary's State Property Office, said that over the next four years he hoped to denationalize 400 enterprises and fetch $8 billion in the process. Hungarian officials hope much of this money will be used to ease the nation's debt.

Budapest may sell entire companies or just a stake to domestic or foreign investors. In Mr. Tompe's view, the nation's 2,000 state-owned industrial companies are worth about $32 billion.

Hungarian officials plan to make the Ibusz travel agency their next big privatization and hope that in selling off a one-third stake in the company they can demonstrate to wary Hungarians and foreign investors that privatizations are viable.

"Privatization is really going to help our company," said Ericka Szemenkar, president of Ibusz. "We need the money it is going to raise for us. We have big plans for the future."

Ibusz plans to sell roughly $18 million worth of shares on the Budapest and Vienna stock exchanges in what would be the first stock flotation and first listing on a Western stock exchange of a state-owned East European company.

Some proceeds from the offering would go to Hungary's hard-pressed national treasury, some to Ibusz. Ms. Szemenkar hopes to use the money to acquire foreign travel agencies, buy several small airplanes and join hotel-building ventures — all to benefit from Eastern Europe's tourist boom.

Ryobi to Open Castings Plant In Belfast Area

Agence France-Presse

LONDON — Ryobi Ltd., a Japanese die castings maker, plans to set up a car components factory in Carrickfergus, near Belfast, the Northern Ireland economy minister said Tuesday.

In a £15 million ($25.3 million) project backed by the British government's Industrial Development Board, Ryobi is to employ 100 people by 1994, the minister Richard Needham said.

The plant will initially be making transmission and clutch case castings for Ford Motor Co. cars.

Akio Urakami, Ryobi executive vice president, said that apart from the development board's financial incentives, his company had chosen Northern Ireland because of its "strong tradition in science and technology."

Shipowners to Scrap Capacity

Rhine River Body Seeks to Buoy European Freight Rates

Reuters

AMSTERDAM — Freight rates for barges on the Rhine and other European waterways will be bolstered by a European plan that will pay operators to scrap excess capacity, industry sources said on Tuesday.

Shipowners have applied to scrap 8 percent of the dry cargo barge fleet in northwest Europe and 13 percent of the tanker fleet, a Dutch Transport Ministry spokesman said.

That is slightly less than the targets set by the Central Commission for Rhine Navigation, which comprises those countries bordering the river and which administers the program.

The targets had been 10 percent for dry cargo barges and 15 percent of the tanker fleet, but Hans van der Werf of the Central Bureau for Rhine and Inland Transport said that the actual figures were encouraging.

The dry cargo barge fleet of West Germany, France, Switzerland and the Benelux countries will be reduced by 790,000 deadweight tons as a result of the plan.

The smaller tanker fleet will shed 265,000 metric tons.

Owners applying for scrapping premiums must take their vessels off the market by Dec. 1, although they do not have to be finally scrapped until Dec. 1, 1992.

Many independent owners have signed up for the scheme, along with big fleet operators like Koninglijke Nedlloyd Groep NV and Van Ommeren Ceteco NV, Mr. van der Werf said.

"It forms a good basis for an adjustment in supply and demand," he said.

Industry sources said that the program would not dramatically increase freight rates, but they added that market peaks caused by heavy chartering or low water levels could be higher in the future.

"In my opinion rates might go up 10 percent," said Paul de Waal, a dry cargo barge broker.

Many barge owners have had large losses in recent years because of overcapacity. They hope that scrapping the least efficient part of the EC fleet, mainly the smaller vessels, will put their business on a sounder footing.

The heaviest losses have been in the transport of standard cargoes such as oil products, grain and ores, Mr. van der Werf said. Barges handling specialist cargoes such as containers and chemicals have been more profitable.

"It won't have an immediate impact but maybe rates will rise a bit in the third or fourth quarter," said Cor van der Westen, a Nedlloyd transport planner.

"You are likely to see the impact in periods when people want to move a lot of products and the market is very busy," said an oil trader who regularly charters barges.

Although there have been national programs to take out surplus barge capacity in the past, this is the first time it has been organized at a European level.

The level of payment varies according to type of barge and the cargos it is capable of carrying.

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(Continued From Back Page)

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Polly Peck Lifts Sansui Stake

Compiled by Our Staff From Dispatches

LONDON — Polly Peck International PLC, the diversified consumer-products concern, announced plans Tuesday to raise its stake in Sansui Electric Co. from 51 percent to 70 percent and float part of another unit on the Istanbul Stock Exchange.

The company said moves are part of a larger planned restructuring under which it intends to develop its electronics, foods and leisure businesses as three, largely independent companies.

Polly Peck said it its Imperial and Capetronic units are to be acquired by its Sansui subsidiary. The transfer values the two units at £310 million ($524.5 million), Polly Peck said.

Sansui will finance the acquisition through the issue of new shares for cash, the major part of which will be subscribed for by Polly Peck. This will result in an increase in Polly Peck's stake in Sansui to around 70 percent, the company said.

"The combination of Imperial Capetronic and Sansui will create a globally powerful electronics group and accelerate the recovery process at Sansui," said the Polly Peck chairman Asil Nadir.

Capetronic is a consumer-electronics manufacturer with operations in Taiwan, Hong Kong, Malaysia, China and the United States. Imperial is an Italian maker of large-screen color televisions and distributor of televisions, audio products and video-cassette recorders.

Polly Peck also said it intends to list its wholly owned consumer-electronics subsidiary Vestel Elektronik Sanayaii ve Ticaret AS on the Istanbul exchange.

Polly Peck intends to place 2.25 million ordinary Vestel shares, or about 15 percent of Vestel's capital, with private and institutional shareholders.

The group said it expects to receive 300 billion Turkish lira ($120 million) from the placement.

That price implies a market capitalization for Vestel of around £465 million. Polly Peck said the proceeds of the flotation will help reduce debt.

Vestel is the largest producer of consumer electronics in Turkey, employing over 3,000 people. In 1989, Vestel posted a pretax profit of 42.4 billion lira on sales of 420.3 billion lira.

In March, Polly Peck announced Vestel was entering into a 75 percent-owned joint venture with a unit of Thomson Consumer Electronics SA to develop a television tube manufacturing plant in Turkey.

Mr. Nadir told shareholders at the annual meeting that the restructuring will strengthen the company's balance sheet.

"These will reduce our debt by some £240 million, and so significantly reduce our gearing," he said.

The reorganization of the electronics units means the bulk of Polly Peck's electronics interests will be held by listed companies in which Polly Peck will have holdings with a market value of around £850 million, Mr. Nadir said.

(Reuters, AP, AFP)

Sock Shop To Close 58 U.K. Stores

Compiled by Our Staff From Dispatches

LONDON — The administrators of Sock Shop International, the debt-troubled British retailer, on Tuesday announced the closure of 58 of the company's 109 stores around Britain.

Mr. Peter De Buisson, of the accounting firm BDO Binder Hamlyn, said "I believe the steps we are now taking to rationalize the company will improve its profitability and reward everyone's efforts to save Sock Shop."

The closures announced Tuesday will take place in the British provinces, leaving the chain's profitable stores in London and six other major cities untouched.

Over the past three months, accountants from BDO have been working on plans to save the company, and it was they who made the decision to axe the stores. The administrators were appointed at the end of February and shares in Sock Shop were suspended at 34 pence each after the group revealed a £4 million ($6.77 million) interim loss and debts in excess of £19 million.

Mr. De Buisson said he was still looking for new investors to "take a sustantial interest".

Sock Shop still has 12 stores in France, but closed down its 17 U.S. outlets in December.

The administrators were due to find a rescue plan to put to shareholders and creditors on May 21.

(AFP, AP)

De Beers Opposes Plan For Split Stock Trading

Reuters

JOHANNESBURG — De Beers Consolidated Mines Ltd. on Tuesday objected to a plan by some investment houses to implement separate trading of stock in the company's local and foreign divisions.

Neville Huxham, a De Beers spokesman said the company told the Johannesburg Stock Exchange that it does not approve of the plan. He said it contradicted a company proposal for securities in the two operations to be traded as a single, twin-share unit from June 11.

The scheme for separate shares has been floated by three South African investment concerns: Syfrets Group Ltd., Finansbank Ltd. and George Huysamer & Partners Inc.

The Johannesburg Stock Exchange's deputy president, Mike Thomson, declined to comment on the affair.

De Beers Stock fell 3.50 rand ($1.33) on the Johannesburg exchange, to end at 103.25 rand, amid uncertainty surrounding the future of the plan. The stock touched a record 110 rand last Friday, buoyed by speculation that separate trading units would be introduced.

The separate-trading proposal followed a decision announced by De Beers last March to set up a Swiss-based arm, De Beers Centenary AG, to house all its foreign interests, centered on diamond marketing and distribution.

The South African diamond mining business and other domestic interests would continue to be held by the parent.

De Beers has said repeatedly that shareholders would own securities in both concerns but that these would be tradeable only as one unit.

Julian Ogilvie Thompson, chairman of De Beers, has said, however, that the company could not prevent outsiders developing a trade in separate units.

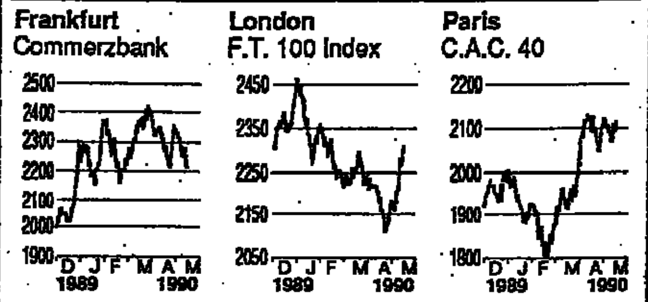
Executives with the consortium floating the scheme for separate trading shares either could not be reached for comment on Tuesday, or declined to go into detail on the proposal, which is currently being evaluated by leading insurance firms and pension funds.

Sources familiar with the plan say investors would lodge the new, single De Beers trading units with Syfrets, one of the country's biggest trust companies.

In return, they would receive an equal number of shares in a company to be set up with two classes of share. The A shares would represent the De Beers foreign operation, and the B shares the local division.

Application would be made for a listing of the shares of the proposed new company, Newco, on the Johannesburg Stock Exchange, and eventually also on an international exchange yet to be decided.

Investor's Europe



Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	119.00	118.00	+0.85
Brussels	Stock Index	6134.92	6133.70	+0.02
Frankfurt	Commerzbank	2216.40	2235.70	-0.86
Frankfurt	DAX	1813.26	1811.18	+0.11
Helsinki	UNITAS	577.90	577.20	+0.12
London	Financial Times 30	1829.50	1810.80	+1.03
London	FT-SE 100	2311.30	2282.10	+1.28
Madrid	General Index	283.25	282.51	+0.26
Milan	MIB	1070.20	1066.10	+0.38
Paris	CAC 40	2115.00	2092.21	+1.09
Stockholm	Affaersvaerlden	1186.00	1180.70	+0.45
Zurich	SBS	650.10	646.40	+0.57

Source: AFP

International Herald Tribune

Klöckner Sees Profits Coming After '89 Loss

Reuters

COLOGNE — Klöckner-Humboldt-Deutz, approaching the end of a restructuring program, reported Tuesday a net loss of 170.0 million Deutsche marks ($102.5 million) for 1989 but said it expects to become profitable this year.

"All in all, profits for this year will once again be considerably improved," said Karl-Josef Neukirchen, Klöckner's management board chairman.

Mr. Neukirchen added the machinery company was profitable in the first quarter of 1990, but he did not provide details.

For last year, sales fell 10.0 percent, to 4.06 billion DM. The company had operating profit of 44 million DM.

Mr. Neukirchen added the 1989 shortfall was mainly due to a loss of 281.6 million DM on the sale of Klöckner's U.S. subsidiary Deutz Allis Corp.

BA Profit Jumps 29% But Outlook Is Cloudy

Reuters

LONDON — British Airways PLC reported Tuesday a 28.7 percent increase in pretax profit for the financial year that ended March 31 but said that higher costs for fuel, aircraft and payroll would be reflected in results for the first half of this year.

BA's shares shed two pence to £2.11 against the trend of a stronger London stock market, as some investors looked ahead to BA prospects for this year.

Pretax profit rose to £345 million from £268 million, at the top end of analysts' expectations, which had ranged between £315 to £350 million. Turnover increased 13.6 percent to £4.84 billion.

Overall costs increased 14 percent including a 30 percent rise in fuel and oil costs and a 44 percent rise in aircraft lease costs. Staff costs, excluding the benefit of reduced pension contributions, grew by 16.8 percent.

BA said tight control of costs, while maintaining quality of service, would be the key to profit growth.

It said several major initiatives to contain costs, streamline its business and focus on core activities were now under way and would start to yield benefits during the current financial year.

BA said that the second half should show slacker cost growth and better yield growth. The airline said that a 12 percent increase in traffic in April was an encouraging start for the 1991 financial year and that prospects for traffic growth remain good.

Lord King, BA's chairman, said, "we are aware that our costs require constant scrutiny, particularly in view of the increasingly competitive nature of the market we serve, and the softening of Western economies."

In order to address the overall costs BA has put in place a program which includes five initiatives to review and control expenditure.

OLIVETTI: *Report of Stake Sale to Philips Denied*

(Continued from first finance page)

possibly with other European computer companies.

Several analysts said that one possibility out of many options might be an agreement whereby Olivetti produced computers for Philips, which the Dutch company would then sell under its own name.

Bill Coleman, an analyst at James Capel & Co. in London, said, "I would like to see Philips get out of computer manufacturing altogether and buy in from Olivetti or other third parties."

Other possibilities cited by analysts were a merger of specific business sectors into a joint venture, as well as joint agreements on marketing or technology.

Analysts said Olivetti and Philips would make a fairly good fit, since both are well represented in the lower to medium end of the range of computers.

Analysts said that Mr. De Benedetti, too, would be unlikely to want to give up control of Olivetti, the centerpiece of his industrial empire.

Both companies have suffered a downturn in business, with Philips seeing its first-quarter net profit, extraordinary income, dwindle to just six million guilders ($3.2 million) from 223 million guilders in the same period of 1989. Olivetti recently reported a 43 percent slump in 1989 net profit.

The unexpected deterioration in Philips' performance dented investor confidence in the company, prompting the president Cor van der Klugt, 65, to announce his decision to step down in July, a year earlier than he was due to retire.

Philips, which makes products ranging from light bulbs to compact disk players, has faced difficulties in the computer market for several years.

CS Seeks Capital Rise From Stock Dividends

Reuters

ZURICH — CS Holding, parent of the Crédit Suisse group, on Tuesday announced an 11.8 percent profit rise in its latest financial year and changed the terms of its previously announced dividend to try to raise capital.

The company had already announced a 22 percent dividend on its 100 franc ($70.50) registered shares and 500 franc bearer shares for results on the financial year that ended March 31. In the previous year, the dividend was 19.6 percent.

But instead of a cash dividend, investors will receive warrants that they can exchange for money or new stock. The warrants also can be sold on the stock exchange.

The company said the operation would increase its capital by up to 175 million francs and the money would be used to partly finance the takeover of Bank Leu AG.

Robert Jeker, CS director, would not reveal the expected cost of the Bank Leu deal.

He said CS Holding hoped to soon acquire at least 50 percent of Leu's voting rights, up from the current stake of 41.6 percent.

Mr. Jeker said Leu would maintain its independence and tradition as Switzerland's oldest bank but with a slightly new emphasis.

CS is offering to exchange Leu shares for shares in a new temporary holding company Lehoca Holding on a one-for-one basis. Leu has recommended its shareholders accept the offer.

If the offer is accepted, the holding company, which CS Holding will control, will become Leu Holding AG. It will include CS Holding investment units Clarinden Bank and Bank Hofmann AG.

In its earnings report, CS Holding said profit in the latest year rose to 861 million francs from 770 million. It said cash flow rose 29.0 percent, to 1.84 billion.

CS bearer shares held steady at 2,380 francs in midday trading, and registered shares shed six, to 463.

Siemens Share Decline Roils Frankfurt Market

Reuters

FRANKFURT — Shares in Siemens AG fell Tuesday on news that analysts had revised their forecasts for the company's earnings and the West German market zigzagged in response, reflecting investors' nervousness.

West German stock prices tumbled in early trading, but later recovered. The 30-share DAX index ended 2.08 points higher, at 1,813.26, after earlier touching a low of 1,785.76.

"The whole affair illustrates just how nervous the bourse currently is," said a dealer at a major West German bank.

One analyst who revised his forecast for Siemens was Bill Coleman at James Capel & Co. Mr. Coleman said he cut his forecast of net income in the current financial year to 1.78 billion Deutsche marks ($1.07 billion) from 1.85 billion. But the cut reflected accounting adjustments rather than a change in fundamentals, he added.

Dorian Foyil, analyst with UBS-/Phillips & Drew, agreed. "Siemens' lower expectations are not primarily due to operating items, but because interest income will contribute less to earnings."

Mr. Foyil estimated Siemens's net income at 1.74 billion DM for the year. He said depressed economic growth in Latin America, accounting for 4 percent of total Siemens' sales, would also weigh on the company's net income.

Siemens categorically denied there would be no profit growth in the current year, adding that the year's earnings would rise in line with sales. The denial not only underpinned Siemens' stock but also gave support to other shares, dealers said.

But a Siemens spokesman said profit per share would be diluted by a total of 5 percent after warrants are exercised and Siemens' employees take up a discount share offer.

Siemens shares recouped some of their early losses, but still ended more than one percent below Monday's close, stung by the news of the analysts' profit scale-down. The electronics group ended down 9.50 DM at 722 after an early low at 706.50 DM.

German stock exchanges have been vulnerable in recent weeks on fears that German monetary union will boost interest rates and lead to higher taxes and near-term inflationary growth.

The sporadic emergence of data on the present and current state of the East German economy has not shed much light on the cost of he union or the impact merging the East and West German economies will have on the prospects for West German companies.

Siemens said in April that its first-half group net profit rose 15 percent, to 749 million DM, from 652 million DM previously.

World group sales rose 16 percent, to 30.4 billion DM.

Speculation about problems for Siemens as a result of currency losses were unfounded, the company spokesman said. "There are no changes in the operational field," he added.

After the bourse closed, the diversified engineering group Mannesmann AG said Siemens would take a 49 percent stake in its Mannesmann Tally unit. Siemens plans to bring its office printing business into Mannesmann Tally on Oct. 1. The deal needs approval of the West German Cartel Office.

Mannesmann's annual sales of office printers is valued at about 520 million DM and Siemens' at about 250 million DM.

"Business was very volatile today," said one dealer. "Buyers, surprisingly including some foreigners, stepped in at the low and picked up shares."

Earlier this year, foreign buying pushed shares to new highs amid euphoria about the outlook for West German firms due to new business opportunities in Eastern Europe. But concern about German monetary union has since dampened investor enthusiasm.

NYSE

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

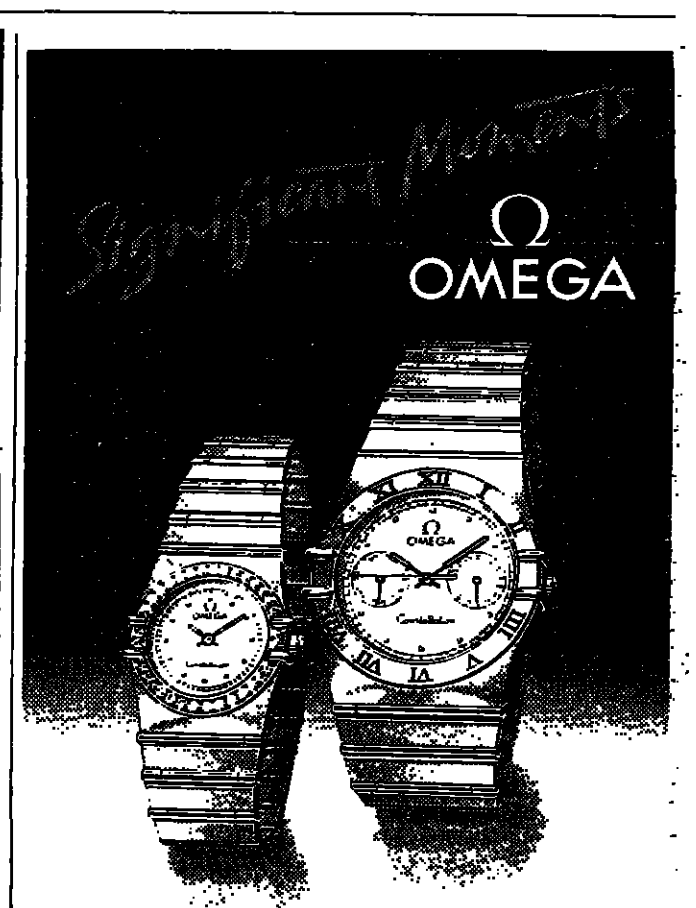
ARIANE

Siège Social: LUXEMBOURG

Le Conseil d'Administration d'Ariane Gestion, société de gestion du fonds Ariane a été décidé de payer sur le résultat net de l'exercice 1989 un dividende de US$10.35 par part du fonds ARIANE en circulation au 15 mai 1990. Le dividende est payé auprès de la Banque de Gestion Edmond de Rothschild Luxembourg, à partir du 15 mai 1990 contre remise du coupon no. 7 des certificats au porteur.

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IHT 23/5

INTERNATIONAL INVESTOR SECTION

Due to the unexpectedly large size of the International Investor Section, originally scheduled for May 23 and 26, it will now appear on May 26 and 30.

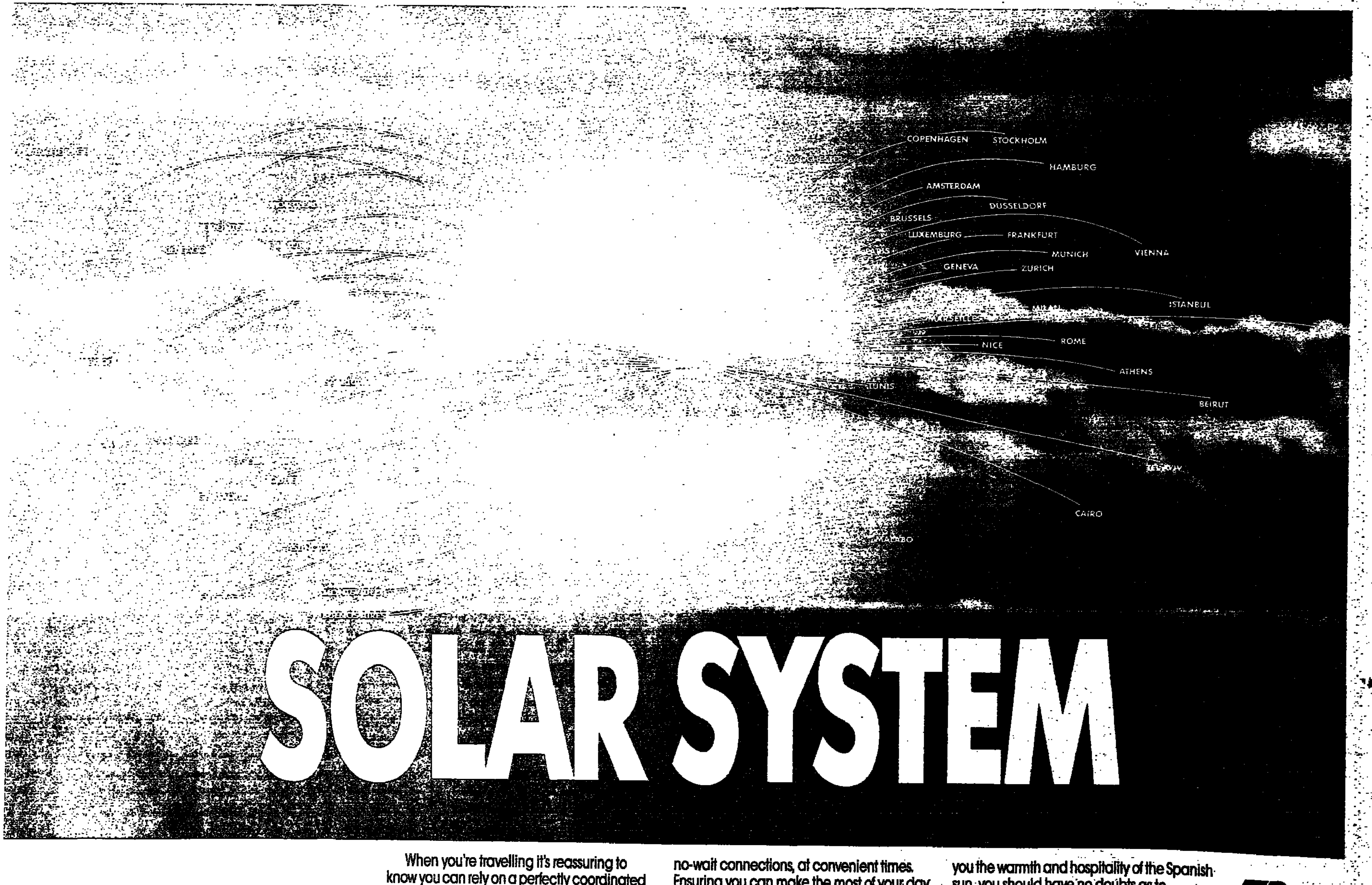
AMEX

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
		A								
4	2⅝	ABM G			27	291	3¼	3⅛	3¼	+⅛
10⅛	8½	AIM Str	1.08	12.2		55	8⅝	8⅝	8⅝	−⅛
4¼	1⅜	AIM Tel			44	34	1⅜	1⅜	1⅜	
12⅞	5⅜	AMC			136	136	9⅝	9½	9½	−¼
3	1⅞	AOI	.05e	2.4		11	2⅛	2	2⅛	+⅛
3⅛	1	ARC				140	1⅛	1	1	
19½	9¼	AT&E				1602u	19⅝	18⅞	19	
		ATTC wt				158				
12⅝	7¼	ATI			20	153	12⅛	11¾	11⅞	−⅛
62¼	49⅞	ATT Fd	2.39e	4.1		109	58⅜	57	57⅝	−½
16⅜	8¼	Ablomd				55	10½	10⅛	10⅛	+⅛
12	4¼	AckCm n				151	4⅝	4½	4⅝	
5⅝	4	AcmeU	.04e	.8		43	5¼	5⅛	5⅛	
	2	Action			17	7	3⅛	3⅛	3⅛	−⅛
23¼	11⅛	Acton			10	19	11¼	11⅛	11⅛	−⅛
2½	1⅜	AdmRs			9	50	1⅞	1⅜	1⅞	+⅛
14¼	5⅞	AdvMed				315	12¼	11⅞	12	−⅛
26½	15¼	ArWat n				968	26½	25⅞	26⅛	+½
19½	14	AirExp			10	749	18⅞	18	18	+⅛
13	6⅝	Alrcoa	2.16	32.0		38	6⅞	6⅝	6¾	
5⅝	3⅝	Alamco			2	5	4	4	4	
9⅛	5⅝	AlbaW			7	14	6⅝	6⅛	6⅝	
4⅜	1½	Alfin				17	2⅛	2⅛	2⅛	
3	1⅜	AllouH n			3	135	2⅛	2⅛	2⅛	−⅛
		Allou wt				30				
6⅛		Alstar				26	1⅛	1⅛	1⅛	
5½	2⅜	Alphaln				62	2⅝	2½	2½	
5½	1⅛	AlpinGr				2	2⅛	2⅛	2⅛	+⅛
45	39⅝	Alcoa pf	3.75	8.9		z550	42⅛	42	42	−1
45⅞	27⅛	Alza			73	1790	42⅛	41⅛	42⅛	+⅛
35⅝	17⅝	Alza un				119u	35⅝	35⅛	35⅛	+⅛
23⅝	10⅛	Amdhl	.10	.6	13	4841	16	15⅝	15½	−⅛
15⅝	12¼	AFstP2	1.70e	12.7		8	13⅝	13⅝	13⅝	
18⅝	13¼	AmBilt	.15	1.0	378	8	15⅛	15⅛	15⅛	
15¼	3½	ACap pf				13	4⅛	4⅛	4⅛	
4⅜	3⅛	AExpl			91	728	3⅝	3⅝	3⅝	+⅛
2⅛	1⅛	AExpl wt				150	1⅛	1	1⅛	+⅛
25⅝	13¼	AFruc A	.24	1.0	10	116	23½	23⅝	23⅝	−⅛
24½	12⅝	AFruc B	.24	1.1	10	19	22⅝	22⅛	22⅛	−⅛
2⅛	1⅛	AHitMg				10	1⅜	1⅜	1⅜	
22⅜	14⅝	Alsrael	.27e	1.2	12	6	21⅞	21⅞	21⅞	−⅛
18⅝	10⅞	AmList	1.90e	10.0	12	83u	19⅛	19	19	+⅛
24¼	15⅝	AMzeA	.64	3.4	25	35	19	19	19	+⅛
		AMBld				68				
6⅞	4⅛	AMed n				319	6⅝	6⅝	6⅝	
8¼	6⅛	AmOil				50	6⅝	6½	6⅝	+⅛
98	67⅞	APetf	3.20	4.2	12	2	76½	76½	76½	−⅛
20⅝	12⅝	APrec	.20	1.0	28	4	20	19⅛	20	
11½	8¼	ARestr	1.40a	13.0	8	6	10⅛	10⅛	10⅛	−⅛
10⅜	5	AScIE				39	6½	6¼	6⅛	
3⅝		AScI wt				11	1⅛	1⅛	1⅛	+⅛
5⅞	2⅝	AmShrd				45	3⅛	3⅛	3⅛	
5⅝	2⅞	AmSwM	.51e	12.8	9	215	4⅛	4	4	
3⅛	1⅝	ATechC			23	17	1⅝	1⅝	1⅝	−⅛
32	24⅝	A-aop	.87	3.2		57	27⅛	27⅛	27⅛	−⅛
10⅝	2	A-aop sc				453	3⅛	3	3⅛	+⅛
16¼	8⅝	A-abp sc s				202	11⅞	11⅛	11⅝	+⅛
27⅝	24⅝	A-att2	1.27	4.6		52	27½	27½	27½	
27	10⅝	A-att2 sc				489	16⅛	15	15⅝	−⅛
44	38⅛	A-an s	2.01	4.4		5	45⅛	45	45⅛	−⅛
12⅝	4⅝	A-an sc				140	9½	9⅛	9⅛	+⅛
101	81	A-arc	4.95	4.9		3	101	101	101	
22½	9⅝	A-arc sc				11	19	18⅝	18⅝	−⅛
48⅝	39⅝	A-bmy s	2.09	4.3		11	48⅛	48⅛	48⅛	+⅛
15⅝	7¼	A-bmy sc				836	13⅛	12⅝	13⅛	+⅛
62⅞	46¼	A-chv	2.75	4.4		12	62¼	61⅞	62⅛	
17⅞	5⅛	A-chv sc				57	8⅞	8⅝	8⅝	−⅛
25⅞	20⅝	A-ko s	.77	3.0		58	25½	25¼	25⅛	−⅛
18⅝	7½	A-ko sc s				593u	18⅝	17⅞	18⅝	
62¼	47⅛	A-dow	2.57	4.4		26	58⅛	58	58⅛	+⅛
20⅛	5⅝	A-dow sc				204	9⅛	8⅝	9	−⅛
42½	36⅛	A-dd un s	1.58	3.9		10	40⅝	40⅝	40⅝	+1⅛
32⅛	28½	A-dd s	1.58	4.9		62	32⅛	31⅞	32	
11	5⅝	A-dd sc s				958	8⅞	8⅝	8½	−⅛
42½	27¼	A-xon sc				29	35⅝	34½	35	
42⅝	37	A-gle	2.87	6.9		611	42⅛	41⅛	41⅛	
29½	14	A-gle sc				983	25	24	24⅝	+⅛
58⅝	45⅝	A-ge s	1.86	3.2		222u	59	58⅝	58⅝	
14⅛	7	A-ge sc				718	11⅛	10⅞	11	+⅛
50¼	40⅝	A-gm un	2.97	6.0		5	49⅝	49⅝	49⅝	+⅜
43⅝	36	A-gm s	2.97	6.8		85	43⅞	43⅛	43⅞	+⅛
8¼	4	A-gm sc				340	6⅛	5⅞	6⅛	+⅛
42	33½	A-ek s	1.97	5.3		42	37⅛	37⅛	37⅛	−⅛
13	3⅝	A-ek sc				177	4⅞	4⅛	4⅛	
44	37⅝	A-I s	2.98	7.0		15	42⅝	42⅛	42⅝	+⅛
12⅝	4⅞	A-I sc				110	6⅞	5⅞	6⅛	+⅛
49¼	36⅛	A-hwp	.37	.9		19	43	42⅞	43	
18⅝	2½	A-hwp sc				134	3¼	3	3⅛	−⅛
112½	88⅝	A-ibm	4.79	4.3		39u	112⅝	112	112½	+1
15⅝	3⅝	A-ibm sc				443	5⅝	4⅞	5	
61	49½	A-jnj un	1.33	2.1		1u	62	62	62	+2
49	38⅝	A-jnj s	1.33	2.7		56	49	48⅝	49	+½
15⅝	9¼	A-jnj sc				721	14⅛	13⅝	14	+⅛
79⅝	68½	A-mrk un	1.78	2.2		1u	81½	81½	81½	+2⅝
58⅝	49	A-mrk s	1.78	3.0		71u	58⅝	58⅛	58⅝	+½
26⅝	13½	A-mrk sc				801	22⅝	22	22½	
25⅝	21¾	A-mo s	1.36	5.4		68	25	25	25	+⅛
22	12⅝	A-mo sc				1305	19⅝	19⅛	19⅝	+⅜
61	51¼	A-mob un	2.85	4.6		6u	62	62	62	+2¼
52⅝	42¼	A-mob	2.85	5.4		30	52⅝	52½	52½	−⅛
15	6⅝	A-mob sc				145	10⅛	9⅝	9⅝	−½
50	37⅝	A-pg s	1.78	3.6		98	49½	49	49	−½
29⅝	11⅛	A-pg sc s				391u	30⅛	29	29⅝	+1⅜
41½	33	A-s	1.95	5.6		6	35	34⅞	34⅞	−⅛
7½	1⅜	A-s sc				80	2⅛	2	2	−⅛
67⅞	58⅝	A-unp	2.27	3.5		8	65⅝	65	65	−⅛
18	5⅛	A-unp sc				48	6⅛	5⅝	5⅝	−⅜
60⅝	46	A-xrx	2.95	6.3		10	46⅝	46⅛	46⅝	+½
9⅝	1⅜	A-xrx sc				42	2⅛	2	2⅛	
2⅝	1⅜	Ampal			33	66	2	2	2	
12	8⅝	Amwest	.20	2.0	21	5	10⅛	10⅛	10⅛	+⅛
7	3⅛	Andal				1	3⅛	3⅛	3⅛	
16⅛	5⅛	Andrea	.52	8.3	13	42	6⅛	6⅛	6⅛	+⅛
9⅝	5⅛	Angeles				2	5⅛	5⅛	5⅛	
14	10⅝	Angel un	.31e	2.8		6	11⅛	11	11⅛	+⅛
16⅝	12⅝	AngMt n	2.16	16.8		17	12⅝	12⅝	12⅝	+⅛
20⅛	15	AngPar	2.00	13.0		20	15⅝	15⅛	15⅛	
1⅜	⅛	ArizCm				24	⅛	⅛	⅛	
8⅝	5⅛	ArizLd	.67e	11.4	8	3	5⅞	5⅞	5⅞	−⅛
3⅝	1⅝	ArkRst			75	1	3⅛	3⅛	3⅛	
6⅝	3½	ArrowA			1.8	10	5½	5½	5½	−⅛
2⅝	⅝	Astrotc				2	1⅛	1⅛	1⅛	
11	7½	Astrot pf	1.20	12.0		2	10	10	10	+⅛
		Astrt wt				5				+⅛
12¼	4⅝	Atari			71	1330	5	4⅝	5	
3	1½	AtlsCM			5	25	1⅜	1½	1⅜	
7⅝	4	Atlas wt				59	5⅛	4⅝	4⅝	−⅛
4⅛	2	Audvox				38	3⅛	3½	3½	
		B								
17½	9	B&H Mr	1.77e	19.7	6	117	9⅛	9	9	
19⅛	12⅝	B HO	3.20e	24.9	4	24	13⅛	12⅝	12⅝	−⅛
15	8⅝	BAT In	.56e	4.7	10	2050	11⅞	11⅞	11⅞	+⅛
54	40⅝	BHC n			39	573	49⅛	49	49	+⅛
10⅛	7⅝	BSD	.13e	1.3	8	4	9⅝	9⅝	9⅝	+⅛
8¼	5⅛	BSN				97	5⅝	5½	5½	
22⅝	17⅛	Badger	.60	3.1	12	3	19½	19½	19½	−⅛
18	9⅝	Baker			14	385	15	14	14½	−½
15⅝	7	Balaw s	.10	1.3	11	458	7⅝	7⅜	7⅝	+⅛
8½	5⅝	BaltrM	.16	2.0	13	20	7⅝	7⅝	7⅝	
7⅝	4⅝	BampPl			16	2	4⅝	4⅝	4⅝	
19⅛	17¼	BanFd	1.79e	10.1		25	17⅝	17⅝	17⅝	+⅛
14⅝	6	Banstr g				25	7⅛	7⅛	7⅛	
8⅛	4½	BnkatlF				9	5	5	5	
29⅝	7½	BT Nk wt				391	17⅝	17⅛	17⅛	−1⅜
37½	19⅝	Barnwl	.40e	1.6	4	40	29⅝	29⅛	29⅛	−⅛
2⅝	⅛	Barlstr				50				
8	4⅛	BarrLb			91	5	7⅛	7⅛	7⅛	+⅛
13	5⅛	BaryRG			19	81	5⅝	5⅛	5⅛	
7½	4⅝	Baruch				8	6⅝	6⅛	6⅛	−⅛
26½	15⅛	BayMea	.25e	1.5	35	x13	16⅛	16	16⅛	+⅛
7	2⅝	Bayou			8	17	3⅛	3⅛	3⅛	−⅛
8½	3⅛	Beard				35	6	6	6	
3⅝	1⅜	BetaBlk				40	2½	2⅛	2½	
5⅝	4⅛	Belvdre	.04	1.0		5	4⅛	4⅛	4⅛	−⅛
27¼	20½	BergB s	.40	1.5	15	448u	27⅝	26⅝	27¼	+½
66¼	52⅝	BergCa	4.90e	8.2		5	59⅝	59⅝	59⅝	−⅛
2⅝	1⅛	BethCo				3	1⅜	1⅜	1⅜	
32⅝	22½	BlcCp	1.12a	3.8	16	9	29⅝	29⅝	29⅝	−⅛
48¼	28⅝	BinkMf	1.20	3.0	12	88	40⅛	40	40	+⅛
20⅝	14⅛	BioR B			16	15	20⅛	20½	20⅛	+⅛
20¼	14⅛	BioR A			17	58u	20⅛	20¼	20¼	+⅛
9⅛	5	Blomag n				15	5	5	5	−⅛
2⅛	⅛	BlschD	2.60e			10	1⅛	1⅛	1⅛	
37⅝	24⅝	BlairCo	1.61e	4.8	10	8	33½	33⅛	33⅛	+⅛
28	12½	Blessg	.66	2.5	13	18	27	26⅝	26⅝	−⅛
13⅝	9¼	BlountA	.45	3.8	7	164	12	12	12	+⅛
13⅝	10⅛	Boddie	1.36	13.1	10	117	10½	10⅛	10⅛	−⅛
32⅛	3½	BolrPh	.04	.6		820	7½	7⅛	7⅛	−⅛
13⅝	10⅛	BowVal	.24			9	11⅝	11⅛	11⅝	+⅛
24⅛	17½	BowlA	.60	2.7	15	51	22	22	22	−⅛
2⅝	⅝	Bowmr				20	⅝		⅝	
14⅝	9⅛	Bowne	.25	2.4	22	357	10⅝	10⅛	10⅝	+⅛
14⅝	9⅝	BradRE	.80	8.2	42	42	9⅞	9⅝	9⅝	
27½	17⅝	Brscn g	1.04			9	17⅝	17⅝	17⅝	−⅛
85½	59⅝	BrnFA	2.08	3.0	25	10	70	69⅛	70	+⅛
91⅛	60¼	BrnFB	2.08	2.9	26	299	72¼	71½	72	+⅛
5⅝	1⅛	Buffton				15	1⅜	1⅜	1⅜	+⅛
13⅛	4⅝	Bush			18	5	6⅝	6½	6⅝	
		C								
9⅝	5½	CIM	1.08e	18.4		26	5⅞	5⅞	5⅞	
3⅛	2⅛	CMI Cp				711	2⅛	2⅛	2⅛	−⅛
22⅝	16⅛	CSS			6	4	18	18	18	
6⅝	2⅛	CXR				88	3⅛	3⅛	3⅛	−⅛
47⅛	20¼	Cablvsn				457	29⅝	27⅝	29	+⅛
28⅝	14⅛	CaesNJ			7	13	14½	14⅛	14½	
14	6⅛	CagleA			18	4	7⅛	7⅛	7⅛	+⅛
15⅝	7⅛	CalEng			23	780	9⅝	8⅝	9	−⅛
8½	6⅛	Calprop	.65f	10.2	8	27	6⅝	6⅛	6⅛	
14⅛	7⅝	CMarc g	.28		25	4	7⅝	7⅝	7⅝	
18⅝	14⅛	CdnOcc	.40		26	1	16	16	16	−⅛
12½	9⅛	CWineA			15	3	11½	11⅛	11½	
12⅝	9⅛	CWineB			15	10	11⅝	11⅛	11⅝	−⅛
8⅝	6⅛	CapHo n	.74e	10.8	12	2	6⅝	6⅝	6⅝	
3½	1⅛	Carmel				18	2	2	2	−⅛
26⅛	16¼	CarnCr	.48	2.1	17	923	22⅝	22⅛	22½	−⅛
24⅝	14⅛	CshAm	.08	.3	26	92	24⅝	24⅛	24⅛	+⅛
16⅝	12⅛	CastleA	.68	5.0	13	1	13⅝	13½	13½	−⅛
19⅝	17⅛	CasFd	1.67e	9.1		6	18⅛	18⅝	18⅝	+⅛
14⅛	6⅛	CatalLt			13	249	9⅝	9	9⅛	+⅛
5⅛	3⅛	CavalH	.08	2.2	20	32	3⅝	3½	3⅝	−⅛
2⅝	⅝	CentGp			10	98	1⅛	1	1	
6⅝	4⅝	CFCda g	.01e			489	5⅝	5⅛	5⅛	
39⅝	35	CenM pf	3.50	9.4		z60	37⅝	37⅛	37⅝	+⅛
10	8⅝	CentSe	1.00e	10.7		68	9⅝	9⅛	9⅛	
16⅛	6	CtyCm s			55	282	9⅝	8⅝	8⅝	−½
10		CenvDv			26	26	4½d	4⅛	4¼	−⅛
45	21⅛	ChDvB s			44	48	24⅝	24	24	−⅛
44½	20⅝	ChDvA s	.01e		41	521	22⅝	22½	22⅝	−⅛
4⅝	1⅝	ChpEn				97	2⅛	2⅛	2⅛	
7	5	ChfPwr	.11	2.0	8	920	5⅝	5½	5½	+⅛
9⅛	3⅛	ChevStl				575	6⅝	6⅛	6⅛	−⅛
26⅛	20⅝	ChRv	1.20a	5.3	12	5	22½	22½	22½	−⅛
21½	11⅛	Chief				133	21	20⅝	21	+⅛
55⅝	37⅛	Citadel			12	5	45⅝	45½	45⅝	+⅛
4	1⅛	Citi wtM				72	1⅝	1⅝	1⅝	
3	⅝	Citi wtY				42	1⅝	1⅜	1⅜	−⅛
15⅝	9⅛	CtzFst s	.72	5.7	8	447	13	12½	12⅝	+⅛
16⅛	10	ClearCh	3.00e	19.2		1	15⅝	15⅝	15⅝	
8½	5⅝	CoastD			8	31	6⅝	6⅝	6⅝	+⅛
8	2½	Cognitr			22	15	4⅝	4⅝	4⅝	−⅛
13⅛	8⅝	Cohu	.32	3.0	8	27	10⅝	10⅛	10½	+⅛
4⅛	2⅛	Collins			11	9	3⅝	3⅝	3⅝	+⅛
3	⅛	ColorSv				155	1⅛	1⅛	1⅛	
8	6⅛	ColREI	.92e	13.4	7	99	7	6⅝	6⅝	−⅛
17⅛	8⅝	ColLb n				38	10⅝	10⅛	10⅝	
6	2⅛	ComSys				97	4⅛	4⅛	4⅛	
4⅛	⅜	ComFd				180	4⅜d	⅜	⅜	
27¼	19	Cominc	.50e	2.5	17	15	22½	22⅛	22⅛	−⅛
10⅝	5⅛	Comtrn			7	2	5⅝	5⅝	5⅝	+⅛
8	4⅝	Cmptek	.20	3.3	11	75	6	6	6	+⅛
5⅝	2⅝	Cmpmt			25	2	2⅝	2⅝	2⅝	
5⅝	1⅜	Cmptrc			8	3	2⅛	2⅛	2⅛	
5⅝	3⅝	ConcdF			4	75	5⅝	5⅛	5⅛	+⅛
5⅝	3	ConcF B			4	13	5⅝	5⅛	5⅛	+½
3⅝	1⅛	Conast				238	2	1⅞	1⅞	
4½	2⅛	Constn				142	1⅛	1	1	−⅛
21⅛	14⅛	ContMtl				4	14⅛	14⅛	14⅛	+⅛
39⅝	12⅝	Contin			30	432	38⅝	36⅝	38½	
7⅝	3⅝	Convsn s			11	9	4	4	4	
4⅛	2	Convst			8	13	3½	3⅝	3⅝	
16⅝	10	Copley	1.44	12.0	23	41	12⅛	12	12	
10	6	Coron g	.10e	1.3		616	7⅝	7⅝	7⅝	−⅛
41	27⅛	Cross	1.24	4.2	15	54	29⅝	29⅛	29⅝	−⅛
28¼	19⅛	CrowlM	1.00	4.1	144	1	24½	24½	24½	−⅛
41⅛	27	CrnCP	.80e	2.4	14	197	33½	33	33	
36⅝	25⅝	CrCPB	.80e	2.5	15	785	31⅝	31⅛	31⅛	+⅛
3⅝	2⅛	CrystO			18	230	2⅛	2⅛	2⅛	
22⅛	14⅛	Cubic	.48	2.1	7	279u	23⅝	22½	23⅛	+1⅛
28⅝	18	Curtice s	.64	3.4	13	77	18⅝	18⅛	18⅝	+⅛
⅝	⅛	Custmd			7	124	⅜	⅜	⅜	−⅛
		D-E								
2⅞	1	DI Ind				100	1⅛	1⅛	1⅛	
16	8⅛	DWG				278	9⅝	9½	9⅝	+⅛
⅞	⅛	DamEA				16	⅛	⅛	⅛	
1	⅛	DamEB				21	⅛	⅛	⅛	
16	8¼	Datarm			14	167	15½	15¼	15½	
6⅛	2⅛	Daxor				136	2⅝	2⅛	2⅛	−⅛
1⅛	⅛	DeRose			7	5	⅝	⅝	⅝	
6½	3⅝	Decorat			117	2	3½	3½	3½	+⅛
5⅛	3	DelElc			19	70	5⅝	5⅝	5⅝	
⅝	⅛	Delmed				37	⅛	⅛	⅛	
13½	4⅛	Dk Nk wt				1493	8	7⅛	8	−½
6	2	Desonl				10	2⅛	2⅛	2⅛	+⅛
14⅛	7⅝	DevnE				52	14⅛	13⅞	13⅞	−⅛
35⅝	25⅝	DynE pf	1.94	5.6		34	34⅝	34½	34½	−⅛
7⅝	2	Diag A				21	2⅛	2⅛	2⅛	+⅛
7	2	Diag B				19	2	2	2	−⅛
4½	2⅛	Dlasonc			8	548	3⅝	3⅝	3⅝	+⅛
6	3⅝	DckMA g				11	4⅝	4⅝	4⅝	+⅛
2⅞	1¼	Diodes				23	1⅞	1⅞	1⅞	
10⅞	1⅛	DiviHtl				58	2⅝	2½	2½	−⅛
18⅝	4⅛	DixnTic		1.8		102	5⅝	5⅛	5⅛	−⅛
13⅝	8	Donely	.28	2.9	22	9	9⅝	9⅝	9⅝	+⅛
11⅝	7⅝	DewC rt				2684	11	10⅝	11	+⅛
10	9½	DryfMu	.72	7.5		208	9⅝	9⅝	9⅝	
10	9⅛	DryCal	.66	6.8		52	9⅝	9⅝	9⅝	
10⅛	9	DryfNY	.66	6.9		37	9⅝	9½	9½	
5⅝	2⅝	Ducom			35	135	4⅝	4⅝	4⅝	+⅛
23⅝	18½	Duplex	.76	4.1	10	21	18⅝	18⅝	18⅝	
7⅝	1⅛	EAC				115	1⅛	1⅛	1⅛	
9	6⅝	ECI n				143	7⅝	7⅛	7⅛	+⅛
11⅛	7½	EagIFn	.52	6.7	7	40	7⅝	7⅝	7⅝	
18	8½	vlEAL pfD	2.84	29.1		154	9⅝	9⅝	9⅝	
13⅝	⅝	vlEAL pfF				10	⅝	⅝	⅝	
14⅛	⅝	vlEAL pfG				154	⅝	⅝	⅝	−⅛
25	15½	Eston	2.90e	18.4	5	56	15⅝	15½	15⅝	+⅛
21⅛	10⅝	EchoBy	.07	.5	135	446	13⅝	13⅛	13½	+⅛
16⅝	9⅛	EcolEn	.18	1.1	18	66	16⅝	16⅛	16⅛	+⅛
18⅛	13	Edisto n				341	17⅝	16⅛	16⅝	−⅛
3⅝	1⅛	EhrBar				10	1⅛d	1⅛	1⅛	−⅛
3⅛	2⅛	EkaNk wt				385	2⅝	2⅝	2⅝	−⅛
17½	9⅝	Elan			68	409	17⅝	17	17⅝	−⅛
⅝	⅛	Elsinor				599	⅛	⅛	⅛	−⅛
8	7	Elswth	.81e	11.4		33	7⅛	7⅛	7⅛	−⅛
10⅛	3½	EmCar s				64	5	4⅝	4⅝	−⅛
6¼	4⅛	Endvco				30	4⅛	4⅛	4⅛	
5⅛	2⅝	ENSCO			26	2961	4⅝	4⅝	4⅝	+⅛
37⅛	23⅝	ENSC pf	1.50	4.4		30	34⅝	34¼	34¼	+⅛
11⅛	8⅛	Engex	1.36	15.3		6	8⅝	8⅝	8⅝	
1⅝	1	Enstr pf	.33e	26.4		21	1¼	1¼	1¼	
7⅝	1⅛	EntMkt				107	1⅝	1⅝	1⅝	−⅛
19½	14	EntPb			13	38u	19½	19⅛	19⅝	+⅛
5⅝	1	Envrnct				15	1⅛	1⅛	1⅛	−⅛
5	3	EnzoBl				80	3⅝	3⅝	3⅝	
9⅛	4⅝	Epltope n				83	8⅛	7⅝	8	−⅛
20	17⅝	EqGth n	2.20	11.4	20	4	19⅛	19⅛	19⅛	+⅛
6⅝	2⅝	Escoan				13	4⅝	4⅝	4⅝	+⅛
27⅝	15⅛	Espey	.60	3.4	11	5	17⅝	17½	17⅝	+⅛
10	4⅝	EtzLav	.25e	3.1		13	8⅛	8⅛	8⅛	−⅛
11½	3⅝	EvrJ B				1	3⅝d	3⅝	3⅝	−⅛
11	2⅝	EvrJ A				226	2⅝d	2⅝	2⅝	+⅛
11	8	E-cel	.40	3.7	12	21	10⅝	10⅝	10⅝	
		F-G								
8⅝	4½	FFP	1.50	28.6	15	19	5⅝	5⅛	5⅛	
3	⅝	FPA				69	1⅛	1	1⅛	−⅛
37⅛	31½	Fablnd	.80	2.3	11	11	34⅝	34⅝	34⅝	
21⅝	14	FalcCbl	2.16			77	16⅛	15⅝	16⅛	+⅛
17⅝	5⅝	Flbrbd			10	147	10	8⅝	9⅝	−⅛
10⅛	7⅝	FidlFn	.40	4.0	7	89	10⅛	10⅛	10⅛	−⅛
12⅛	7¼	FtAust	.61e	7.2		49	8⅝	8⅝	8½	+⅛
9⅝	8⅛	FAusPr	1.08a	12.1		831	9	8⅝	8⅞	+⅛
8⅛	4⅝	FtCntrl	.10	1.4	18	5	7⅝	7⅝	7⅝	
16⅝	11½	FtConn	2.00e	17.2	6	3	11⅝	11⅝	11⅝	
36½	22⅝	FstFd			17	388	36⅝	36	36	+⅛
72½	58⅝	FtEmp	1.20	1.8	9	7	65⅞	65½	65⅞	+½
7⅝	2⅛	FFBcp				33	2⅛d	2⅛	2⅛	−⅛
19⅝	7⅝	Filber	.25e	2.2		275	11⅝	11⅛	11⅝	−⅛
23⅛	13⅝	FNtCal	.20b	1.1	11	17	18⅛	18⅛	18⅛	−⅛
6⅛	1	Fstcrp				52	1⅝	1½	1½	
13⅝	10⅝	FischP	.65f	5.4	19	16	12	12	12	
34⅝	29⅛	FitcGE	2.12	7.2	17	6	29⅝	29⅛	29⅝	−⅛
3⅛	⅛	Flanlgn			96	9	3	3	3	
9⅛	7⅛	FlexBd	.94e	11.9		459	7⅞	7⅝	7⅞	+⅛
39	28	FlaRck	.58	1.6	14	3	30⅝	30⅝	30⅝	−⅛
27⅛	20⅛	Fluke	.32	1.4	8	46	23⅝	23⅛	23⅛	
6⅛	1⅛	Frd wt91				43	4⅛	4	4	−⅛
3	⅝	Frd wt92				50	1⅛	1⅛	1⅛	−⅛
8⅛	3	Frd wt93				45	6⅛	5⅝	5⅝	−⅛
56⅛	35	ForstC A	.42	1.1	73	7	37	37	37	+⅛
58½	35½	ForstC B	.36	1.0	72	17	36⅝	36½	36⅝	+⅛
44½	29⅛	ForstL			29	1061	42⅝	41½	42⅛	+⅛
5⅝	1⅛	Forum	.28	13.3		44	2⅛	2⅛	2⅛	
5⅝	2⅛	FounPw			88	23	2⅝	2⅝	2⅝	−⅛
17⅛	6⅝	FdHoly	.11	.6	17	385u	18	17½	17⅝	+⅛
12⅛	6⅝	FreqEl			8	8	7	7	7	
4⅛	2⅝	Friedm	.25e	7.1	8	28	3½	3½	3½	+⅛
2⅝	1⅛	FriesEn				20	1½	1½	1½	−⅛
20⅛	18⅛	Frischs	.24b	1.2	46	13	19⅝	19⅛	19⅝	−⅛
11⅛	6	FrzFd s	.20	2.8	8	14	7⅛	7⅛	7⅛	+⅛
16	9⅝	FruitL			11	1993	13⅝	13⅛	13½	−⅛
4⅛	⅝	FurVit				18	1⅛	1	1	
8⅛	3½	GRI				8	5	5	5	
6¼	2⅝	GTI			13	26	2⅝	2⅝	2⅝	+⅛
30⅛	17⅝	GW Util				2	28⅝	28⅝	28⅝	−⅛
8½	4⅝	Gainsco	.59f	7.4	9	21	8	8	8	
4⅝	2⅛	Galac g				410	2⅝	2⅝	2⅝	−⅛
26	17	GalvCbl	1.40	8.1		23	17⅝	17¼	17¼	−⅛
38½	27⅝	Garan	1.00a	3.4	8	3	29⅝	29⅝	29⅝	+⅛
15	5⅝	GayIC			10	29	6⅝	6⅝	6⅝	
29⅝	9⅝	GelmS			13	35	10½	10⅛	10⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.



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Bond To Divest Brewers

Bell Resources To Acquire Units

Reuters

SYDNEY — Alan Bond's struggling flagship, Bond Corp. Holdings, struck a deal with its bankers and a rebel subsidiary on Tuesday that will cost it control of the Australian breweries that are its major asset.

Bond Corp. agreed to sell the breweries — which supply around 40 percent of the five billion cans of beer drunk every year in Australia — to its 58 percent owned Bell Resources Ltd. for 1.85 billion dollars ($1.41 billion).

Cash flow from the breweries, producers of Swan lager, helped finance the construction of the Bond Corp. empire, which is now struggling with debts of 6.67 billion dollars and which had a loss of 758 million dollars in the six months ended Dec. 31.

Bond Corp. also agreed to limit its voting rights in Bell Resources to 25 percent, and to reduce its holding in the company down to 25 percent by March 1991.

The chief executive of Lion Nathan Ltd., which has expressed a strong interest in buying Bond Brewing, said Tuesday that his company welcomed the agreement. The accord "turns the focus back to Bell Resources Ltd., with whom we have maintained a strong dialogue," Mr. Myers said. He added that Lion was still strongly interested in pursuing the brewing operations.

The sale of the breweries, which was first proposed by Bond almost a year ago, was agreed on after a new round of negotiations between Bond, Bell Resources and bankers to the breweries. Bell Resources paid a 1.2 billion dollar deposit for them in May 1989.

As part of the accord, National Australia Bank Ltd., leader of a syndicate which has lent about 800 million dollars to the breweries, dropped court action to get the money back.

In return the breweries have agreed to repay the money by Sept. 30, extended to July 1991 if the brewery sale to Bell Resources is completed by July 31 this year.

Bond Corp. has also agreed to repay 320 million dollars in loans between the companies.

Indonesia Growth Stirs Capacity Fears

By Michael Richardson
International Herald Tribune

JAKARTA — While an export boom and surging foreign investment in Indonesia have helped restructure an economy that only a few years ago depended heavily on oil and natural gas, officials are concerned that accelerating growth may create serious bottlenecks.

"Over the next two or three years, there is a real risk that Indonesia could choke up as Thailand has done," said Hadi Soesastro, executive director of the Center for Strategic and International Studies in Jakarta.

He said recently that although Indonesia was not as seriously affected as Thailand by a shortage of telephone lines, seaport facilities and other basic infrastructure, the government was not moving fast enough to alleviate pressure created by increasing demand.

Sanyoto Sastrowardoyo, chairman of the Indonesian Investment Coordinating Board, a government agency, said that he had warned ministers "that we must act now if we are to serve investors adequately in the next few years."

In a report on Indonesia prepared for a meeting of Japan, the United States and other aid donors in The Hague next month, the World Bank has warned that Indonesian economic growth and exports would slow without infrastructure needed for industrial expansion.

The bank said that Indonesia should intensify its program of deregulation by allowing private companies to take a greater share of responsibility from the state in providing electricity, water and telecommunications.

Foreign investment approved by the coordinating board in 1989 soared to more than $4.7 billion, five and half times the level of 1986.

Much of the money came from manufacturers in Japan, South Korea, Hong Kong, Taiwan and Singapore seeking to take advantage of Indonesia's political stability, large labor force and low costs of production to maintain export sales to the United States and Europe.

Investment commitments by Indonesian companies, many of them also export-oriented, totaled almost $11 billion in 1989.

Mr. Sastrowardoyo said that past performance showed that over three quarters of the projects approved by the board actually went ahead. The projects cover all areas of the economy except the petroleum sector, leasing, insurance and banking.

Mr. Sastrowardoyo added that levels of both foreign and domestic investment in Indonesia would be substantially higher in 1990.

According to the Central Bureau of Statistics, Indonesia's export income rose by 15 percent in 1989, to $22.2 billion, while imports increased by 24 percent, to $16.4 billion.

Arifin Siregar, the trade minister, said that Indonesian production, revenue and exports had been radically diversified since the oil price collapse of the early 1980s had convinced the government of the need to make the economy more efficient and less reliant on petroleum.

Nonoil exports were worth about $13.5 billion in 1989 with manufactured and processed products, including plywood and crumb rubber, making up 60 percent of the total.

Mr. Siregar said that nonoil goods accounted for about 60 percent of Indonesia's total export income, compared with only 20 percent in 1982.

"Indonesia's growth is now not only more broadly based, more sustainable and less inflationary, but is also associated with development of an outward looking and market-oriented economy," said a Western diplomat.

The Indonesian economy grew by more than 6 percent in 1989 after adjustment for inflation. World Bank economists expect growth of around 8 percent in 1990.

Noting that Indonesia's exports in 1989 surpassed those of Thailand, Radius Prawiro, coordinating minister for the economy, said that Indonesia's gross domestic product of nearly $100 billion was the largest in Southeast Asia.

"With a nearly inexhaustible supply of labor, vast natural resources and continuing policies, which emphasize the need for market forces, Indonesia's potential is only beginning to be tapped," Mr. Prawiro added.

Indonesia — the fifth-largest nation in the world with a population of about 180 million — is not yet a major economic force in the Asia-Pacific region.

But Western diplomats and businessmen said that the country could become a regional powerhouse early next century if political stability and sustainable economic growth continued.

However, Djisman S. Simandjuntak, head of a management training school in Jakarta, cautioned that Indonesia's huge manpower pool presented challenges as well as opportunities.

He said that there was a growing shortage of experienced Indonesian managers and skilled workers despite widespread unemployment and under-employment.

"Hijacking of staff from one company by another is becoming a national problem."

Just to absorb the 2.2 million workers entering the job market in Indonesia each year over the next five years would require a real rate of economic growth of about 7 percent per annum, Mr. Simandjuntak added.

Australia Limits Foreign TV Stakes

Compiled by Our Staff From Dispatches

CANBERRA — The Australian government said Tuesday it would limit foreign ownership of commercial broadcasters to 20 percent, which analysts said would worsen the financial plight of its three major commercial television networks and halt a large investment in one of them by three U.S. concerns.

Both Channel 9, owned by Bond Media Ltd., and Channel 7, in receivership following the collapse of Christopher Skase's Qintex group, had regarded overseas funds as essential to their continued survival.

The third commercial network, Channel 10, is around 43 percent owned by overseas interests.

A government spokesman could not identify any radio stations that might be affected.

Foreign individuals were already limited to owning 15 percent and overseas companies 20 percent in concerns with broadcast licenses, but a loophole allowed them to hold 50 percent. Kim Beazley, transport and communications minister, said holding companies had been effectively exempted from the more restrictive ceiling.

Mr. Beazley rejected pleas from the networks not to close the loophole. The government said it was vital the stations were kept in Australian hands because of their potential influence on political opinion and the country's cultural identity.

"Like other democracies around the world, we believe that it is of national importance that there be stringent limits on foreign ownership of the electronic media," he said.

Mr. Beazley said Channel 10, which has warned it could post a 100 million Australian dollar ($76.3 million) loss this year, would be given three years to reduce its overseas participation to 20 percent.

Despite Mr. Beazley's contention that the effect of the new regulations would be "minuscule," analysts said they will hit top-rated Channel 9.

The rules, which apply from Tuesday, torpedo a plan for three U.S. media companies to inject funds into Channel 9 which Bond Media hoped would keep the investor Kerry Packer at bay.

Bond Media has fought off one bid from Mr. Packer this year to win back the network he sold to Alan Bond for one billion Australian dollars in early 1987.

Facing a Packer-inspired court hearing to consider Bond Media's wind-up, the company turned to Paramount Communications Inc., CBS Inc. and General Electric Co.'s NBC unit for a cash injection.

"By enforcing the 20 percent limit on aggregate foreign ownership, we will be applying a consistent approach throughout the Broadcasting Act to the question of foreign influence and control," Mr. Beazley said.

The injection of 125 million dollars, plus 32 million dollars from TV New Zealand, would have given foreigners 30 percent of Bond Media.

The government announcement came a day after figures were released showing that in the past financial year, Australia's commercial television industry suffered its first operating loss since 1957.

The Australian Broadcasting Tribunal cited interest payments, management fees and program costs for the 3.2 million Australian loss for the 12 months to June 30, 1989. This compared with a 141.2 million dollar profit for the previous 12 months. *(Reuters, AFP)*

Debt Worries Hit Australian Wool Concern

Reuters

ROMA, Australia — The Australian Wool Corp. said Tuesday that bankers had expressed concern over its rising indebtedness.

"Bankers and lenders are expressing concern about the AWC's ability to meet its financial obligations," Alan Mahoney, the corporation's finance chief Alan Mahoney said at the Wool Council of Australia's national conference.

The wool corporation, seeking finance to buy unsold wool, is holding talks with the U.S. credit rating agencies Moody's Investor Services and Standard & Poor's Corp., he said.

The agencies will produce a debt rating after growers decide Wednesday whether to keep a floor price of 870 Australian cents ($6.69) a kilogram (2.2 pounds) clean for the year that ends June 30, 1991.

Big Issue Set in Jakarta

Kiat Plans Float Of 13% Stake

Reuters

JAKARTA — PT Indah Kiat Pulp & Paper Corp. plans the biggest share issue ever made on the Jakarta Stock Exchange by floating 13.09 percent of its shares for 636 billion rupiah ($350 million), a director said Tuesday.

The paper and pulp manufacturer intends to sell 60 million shares at a price of 10,600 rupiah each in a public sale. The listing is scheduled for July 16.

The sale would reduce the stake of the controlling shareholder, the Sinar Mas group, to 58.41 percent from 67 percent. The combined holding of Taiwanese companies Chung Hwa Pulp and Yuen Foong Yu would fall to 28.5 percent from 33 percent.

Sinar Mas is a diversified group whose interests include banking, tourism and edible oils.

At a price of 10,600 rupiah a share the whole of Indah Kiat is valued at 4.86 trillion rupiah.

Its announcement comes only one week after the Jakarta exchange's second-largest stock flotation, of a big nickel-mining company, met a cool response. The $260 million offering of PT International Nickel Indonesia Ltd., a unit of Canada's Inco Ltd., was criticized for being out of the reach of local investors at a time when the market had just digested its previous biggest public offering, that of PT Indocement.

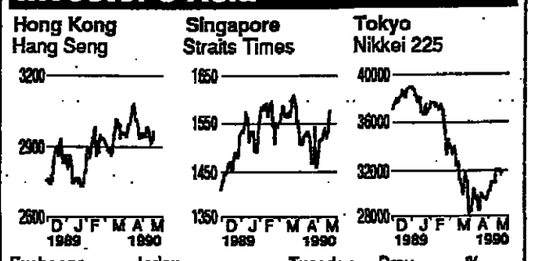
The money raised by Indah Kiat in its offering will finance expansion, which the director Teguh Widjaya said would make the company the biggest integrated paper and pulp firm in Asia.

Growth in 1990 will take net profit to 166 billion rupiah from 69 billion in 1989, Mr. Widjaya said. He projected 1991 net profit would climb to 261 billion rupiah.

Demand from foreign investors is seen as crucial to the success of the huge issue, but foreigners are only allowed to buy up to 49 percent of listed shares under Indonesian law.

To overcome this problem, Mr. Widjaya said the existing Indah Kiat shareholders would list another 63 million shares on the bourse.

Investor's Asia



Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2970.87	2930.83	+1.37
Singapore	Straits Times	1578.59	1570.99	+0.48
Sydney	All Ordinaries	1465.40	1458.00	+0.51
Tokyo	Nikkei 225	31938.30	31765.05	+0.55
Kuala Lumpur	Composite	581.39	570.63	+1.89
Bangkok	Book Club	852.31	834.64	+2.12
Seoul	Composite Stock	785.93	770.28	+2.03
Taipei	Weighted Price	6720.32	6992.89	-3.90
Manila	Composite	908	932.18	-2.59
New Zealand	Barclays	1734.79	1751.15	-0.93
Bombay	National Index	421.16	422.93	-0.42

Sources: Reuters, AFP International Herald Tribune

Taiwan Central Bank Warns on Speculation

Reuters

TAIPEI — The Taiwan Central Bank governor, Samuel Shieh, warned Tuesday against speculation on the Taiwan dollar, saying that the next depreciation in the currency would be faster and riskier for speculators.

Bankers said the Central Bank's warning was intended to eliminate expectations of further depreciations in the Taiwan dollar, which increased capital flow away from the island.

"The warning is clear and speculators could pay a price if they do not take heed of it," said Ken Ping, vice president of the state-owned Bank of Communications.

Mr. Shieh described the current value of the Taiwan dollar against the U.S. currency as "reasonable."

"If you want to speculate in the Taiwan dollar, you have to take greater risks," Mr. Shieh said.

The level of the Taiwan currency in relation to the U.S. dollar has been a source of tension between Washington and Taipei because of its effect on the trade balance between the countries.

The Central Bank on May 15 sparked a sharp fall in the Taiwan dollar, causing it to depreciate by almost 4 percent against the U.S. currency to 27.5 from 26.4351 on Monday.

Mr. Shieh said the Central Bank had incurred huge exchange-rate losses in previous years. Official figures put the loss at about 600 billion Taiwan dollars as of May 4 last year when the Taiwan dollar appreciated to a record high of 25.4 to the U.S. unit, from 40.4 on Sept. 26, 1985.

The Central Bank will no longer allow speculators, mainly banks and local companies, to take advantage of local currency appreciation, he said.

Ube Wins Thai Contract To Build Cement Plant

Agence France-Presse

TOKYO — Ube Industries Ltd. said Tuesday it has won an order from Thailand's Siam Cement Co. to build one of the world's largest cement plants near Bangkok.

The plant, costing $165 million, will be built in Khao Wong district about 130 kilometers (80 miles) north of Bangkok and is to be completed by March 1993. The new plant capable of producing three million tons of cement a year, would surpass the 2.7 million ton capacity of an Ube Industries' plant in western Japan.

NASDAQ

Tuesday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

SPORTS

Unlikely Heroes Give Trail Blazers 2-Point Triumph Over Suns

The Associated Press

PORTLAND, Oregon — They were unlikely heroes.

Kevin Duckworth, who broke his right hand three weeks ago, made the game-winning basket.

Danny Young, a slender, backup point guard, blocked Phoenix's last shot, giving him five blocks in 1,500 minutes played this season.

NBA PLAYOFFS

As a result, the Portland Trail Blazers escaped with a 100-98 victory over the Suns in Monday night's first game of the Western Conference final of the National Basketball Association's playoffs. It was the Suns' 18th straight loss at Memorial Coliseum.

The series resumes there Wednesday night.

"We didn't play very smart down the stretch," said Portland's coach, Rick Adelman. "That's very obvious. We should have controlled the game better than we did.

"But what I liked about it is defensively we did what we had to do and then Duck made the big shot."

It was a matchup of the weary against the rusty, and the weary won.

The Trail Blazers were playing just two days after ending their emotional seven-game conference semifinal against San Antonio.

The Suns had not played for six days after upsetting the Los Angeles Lakers in the other semifinal.

Clyde Drexler had 20 points and 10 rebounds for Portland, and Jerome Kersey had 19 points, 15 in the second half, and 11 rebounds.

Tom Chambers scored 29 points for Phoenix, his three-point play making it 98-98 with 1:09 to go. Kevin Johnson scored 20 points, but only four in the second half, and missed on a layup with 34 seconds left that would have put the Suns ahead.

Johnson was just 2-for-12 from the field after the first quarter.

The Blazers led most of the game, but the Suns never trailed by more than eight points.

They even led, 87-86, early in the last period before the Blazers took a 98-93 lead on Drexler's soaring, one-handed tip-in with 2:59 to play.

Jeff Hornacek scored on a drive for Phoenix and was fouled with 1:52 left, but missed a free throw, and the Suns trailed, 98-95.

Consecutive Portland turnovers kept Phoenix's hopes alive and set up Chambers's game-tying play.

But with 17 seconds left, Duckworth swished an eight-foot (2.5-meter) shot and Young blocked Mike McGee's shot to ensure victory.

■ Jordan Ready to Play

Michael Jordan, the star guard of the Chicago Bulls, whose left hip was bruised by a hard fall early in the first game of the Eastern Conference final, was expected to play against the Detroit Pistons when that series resumed Tuesday night, The Associated Press reported from Auburn Hills, Michigan.

Jordan received heat treatment and massage after practice Monday and said he was at "about 85 percent" of his normal ability.

Magic Wins MVP Award

The Associated Press

INGLEWOOD, California — Magic Johnson of the Los Angeles Lakers won his third NBA most valuable player award in the last four years Tuesday, but in the closest voting in 10 years.

He narrowly beat out Charles Barkley of the Philadelphia 76ers and Michael Jordan of the Chicago Bulls, getting 636 points on 27 first-place votes from a nationwide panel of 92 media members.

But Barkley, who finished 22 points behind, got 38 first-place votes. Jordan got 571 points and 21 first-place votes.

The previous closest vote was in 1981, when Julius Erving edged Larry Bird by 31 points.

Ironically, Pat Riley of the Lakers earlier won the coach of the year award for the first time. Yet the team was eliminated from the playoffs the earliest since 1981.



Jack Smith/The Associated Press

Kevin Duckworth and teammate Terry Porter put the Suns' Tom Chambers in a bind before Duckworth supplied the coup de grace.

Weiss Named Hawks' Coach After Reed Stays With Nets

The Associated Press

ATLANTA — Bob Weiss, who won only 59 of 164 games in two seasons as coach of the NBA's San Antonio Spurs, became the coach Tuesday of the Atlanta Hawks.

The Hawks' president, Stan Kasten, announcing the choice at a news conference, said he was "very, very confident that this is the right choice for this team at this time."

Weiss replaces Mike Fratello, who resigned last month after the Hawks finished the season at 41-41 and missed the playoffs for the first time since 1985.

Weiss was fired by San Antonio following the 1987-88 season and most recently was an assistant with the Orlando Magic.

Kasten said over the weekend that Weiss and the New Jersey Nets' vice president, Willis Reed, were the two finalists for the job. Reed, however, withdrew on Monday and was named senior vice president of the Nets.

Reed said the Hawks "waited too long to make up their minds. I'm disappointed. I thought it would be a great situation down there."

Soccer's Daddy Warbucks Is Back

International Herald Tribune

ROB HUGHES

LONDON — On the night that his men attempt to conclude Italy's unique grand slam of Europe's three major soccer club trophies, Silvio Berlusconi is being ambushed on his way to the stadium.

While AC Milan, the club Berlusconi owns, prepares for Wednesday's European Champions' Cup final against Benfica in Vienna, the media is beguiled by a rival that Berlusconi probably thought had given up the chase.

Gianni Agnelli, paymaster to Juventus, has broken the world transfer record, paying $13 million for Roberto Baggio. In addition, Agnelli has paid $8.8 million for West German midfielder Thomas Hässler, $2.5 million for Brazilian defender Júlio César and, this week, $6 million for Lazio winger Paolo di Canio.

It is understandable. All Juventus managed to win this spring was the Italian Cup and the UEFA Cup. Agnelli, having restructured his board and hired a new coach, intends to be top of the table when Europe reaches 1992. And, as always, if he is to play he wants *style*.

Those of us who thought there was a waning in his compulsion, a reluctance to spend as Berlusconi has done, are put in our place. And if raising the stakes to such heights seems alarming, consider Agnelli's purchases against Ryoei Saito's $82.5 million for a Van Gogh and $78.1 million for a Renoir.

The Japanese invests in art, the Italian in moving art.

□

But on to Prater Stadium in Vienna, to the summit of this year's European season.

Milan is, or was, the best team in the world. No question about it. To win the 1989 Champions' Cup and be in place to defend it is superb, especially as Ruud Gullit, the playmaker, has yet to add an ounce of his quality this time around.

Gullit risked his career to defy medical logic by orchestrating the last final. He has spent exactly a year learning that a wounded player is as dependent on a doctor as stranded cosmonauts are on ground control.

Both Gullit and his Belgian surgeon, Marc Martens, allowed me to probe their relationship, to see how a career hinging on three millimeters of damaged cartilage was rescued by skill and trust.

At their first meeting, Martens identified the danger as "the Italian factor" — the pressure to bypass nature's healing process to get big money performers back in action.

"The president [Berlusconi] didn't like to hear it," Martens said, "but Ruud understood very well that if he was reckless again this was his last chance."

Gullit corrects the doctor: Martens called it "our" last chance.

"That was the main reason I trusted him," Gullit said. "He took responsibility. It was not my knee, it was our knee. I think every doctor in the world — except Frankenstein — offered some miracle cure just to do some merchandising."

Martens treated the patient, not some celebrity, not a VIP footballer.

[Gullit said Tuesday that he decided to extend his contract with Milan because the club never abandoned him while he was sidelined 11 months by injury, The Associated Press reported from Milan.

[The contract was extended three years for $4.9 million].

Exactly what role Gullit plays Wednesday is part of the secrecy that comes with sporting psychology. In training he looks near complete. But near, he insists, is the key word.

Milan's two other Netherlanders are important. Marco van Basten, as the world knows, stores goals for the grand occasion as of habit.

Frank Rijkaard, I believe, carried Milan to this final. When all about him were weary and taut with tension, he worked and he ran with prodigious courage against Bayern Munich.

To outlast and outpace Germans through extra time of a semifinal is a wonder. To do it as Rijkaard did with a German crowd baying racial taunts at him was exceptional.

In doing it, Rijkaard grew up. He may be 27, and he may have come all the way from kindergarten with his Dutch-Surinamese pal Gullit, but moodiness has always held Rijkaard back.

And that inner challenge is not yet won, for days after Munich he was given a five-game penalty in the Italian league for insulting a referee. So as a man of extremes, a player who can fit almost any role, Rijkaard has it in him to be winner, loser or near miss.

□

And don't think that Benfica will lie down for him in Vienna. Its wily Swedish coach, Sven-Goran Eriksson, has seen how vulnerable, how flat Milan's defense can seem, notably when the opposition runs at the young left back, Paolo Maldini.

Eriksson will have monitored the malice that betrayed Milan's smoothness when times were rough against Real Madrid and Mechelen (the latter costing Milan the brilliance of Roberto Donadoni, who is suspended after brawling).

Milan, it's true, has had time to relax and re-direct itself to positive attacking play. But the Portuguese — or, rather, the hybrid team of Swedes, Brazilians, an African and some Portuguese in Benfica 's colors — counterattacks swiftly.

Benfica, of Lisbon, is lucky to be a finalist. It was so overrun in the semifinal in Marseille that, although losing only 2-1, the score could easily have been five and Benfica's president made outrageous suggestions about drug taking.

The second leg was more controversial, with slow-motion TV catching what the eye missed: that Benfica's 84th-minute winner was put into the net by the right arm of Angolan forward Vata Garcia.

After the furor comes reason. Marseille had failed by forsaking its attacking brio to sit on a lead. In a word, the French lost their nerve.

Benfica has four reliable scorers: powerful but predictable Mats Magnusson with five goals in European competition this season, Vata with five, Adesvaldo Lima with four and the Brazilian defender, Ricardo, with four.

Add another Brazilian, center back Aldair, and a dynamic Swedish midfielder, Jonas Thern, and you see how Portuguese teams make the most of favorable import agreements.

Last, but not least, another Benfica Brazilian, Valdo, is on his day the player who might upset the odds.

□

Countdown: Wednesday's match will be seen live in 38 countries, but among the 25,000 Milanese flooding into Vienna are some willing to pay $400 for black market tickets.

That sum is roughly one-third of the bonus paid to each Milan player after beating Benfica, 2-1, in the Champions' Cup final 27 years ago.

It wouldn't now buy many moments of Milan's time, judging by the $170,000 per man bonus Berlusconi is offering to keep him, this year, ahead of Agnelli and the rest.

Rob Hughes is on the staff of the Sunday Times.



AP

Agnelli intends to be top of the table when Europe reaches 1992.

WORLD CUP WARMUP

CAGLIARI, Sardinia (Combined Dispatches) — Seven hundred paramilitary police reinforcements have arrived in Sardinia, the first of 3,000 being sent to deal with the threat from Dutch and English hooligans during the World Cup, officials said Tuesday.

Sardinia is expected to be a flashpoint for crowd violence because of the presence of Europe's most notorious hooligans, from England and the Netherlands.

England's team is to arrive Friday on a charter flight from London. The team is to stay at the Hotel Is Morus on the southeast coast of Sardinia, about 18 miles (30 kilometers) from Cagliari until it moves into quarters nearer Cagliari after its June 2 friendly match in Tunisia.

A police spokesman said another 700 men would arrive soon and that the force, a mixture of paramilitary carabinieri and ordinary police, would be built up gradually. Police sources said a total of about 3,200 men are expected to be used to tightly patrol the center of Cagliari, especially the port bar area, as well as throwing a double cordon around the stadium and guarding the port and airport.

●

Romania defeated Egypt, 1-0, in a preparatory match involving two World Cup teams Monday night in Bucharest. *(Reuters)*

The United Arab Emirates's team was beaten, 4-0, by Poland in a warmup match on Monday night in Marseille. *(Reuters)*

Patrick Gusbin, 24, the goalie for Belgian Cup winner FC Liege, was seriously injured, receiving bruised lungs and a cracked skull, in a car crash Monday night, police said Tuesday. *(UPI)*

BOOKS

COMING OUT UNDER FIRE: The History of Gay Men and Women in World War II

By Allan Berube. Illustrated. 377 pages. $22.95. Free Press, 866 Third Avenue, New York, N. Y. 10022.

Reviewed by Herbert Mitgang

SERGEANT Klaus Mann, identified by name in this original and well-documented book by Allan Berube, was a highly motivated soldier fighting for the United States during World War II and for good reason. He was a son of Thomas Mann, the 1929 Nobel laureate in literature living in California, whose books had been burned in his native Germany because of his anti-Nazi lectures and writings.

Sergeant Mann was an army combat correspondent in Italy and Germany during World War II, writing with great depth about the meaning of totalitarianism. If any of his fellow soldiers knew of his homosexuality, they didn't care.

What "Coming Out Under Fire" documents is that medical ignorance and military prejudice were the ligatures that bound the official anti-homosexual service rules together. Nevertheless, untold hundreds of thousands of homosexual, lesbian and bisexual men and women served in the armed forces.

So many men were able to hide their homosexuality from medical examiners because they wished to serve and did not want the stigma of rejection — and so many examiners looked the other way and allowed them in — that the military officially rejected only about 4,000 to 5,000 men after examining nearly 18 million.

"The anti-homosexual wall that psychiatrists began to build around the military during World War II, although full of holes, was a new feature on the American sexual landscape," Berube writes. Homosexual women found it much easier to enlist. During the army physical for men, an examiner would ask: Do you like girls? Apparently, women were not asked the parallel question: Do you like boys? The author notes that female masculinity, unlike male effeminacy, was not considered to be a disqualifying defect, reflecting the need for women who could perform traditional male work.

The military's rigid anti-homosexual policies have had a cumulative effect. By the late 1980s, the total number of men and women discharged as homosexuals since the beginning of World War II approached 100,000.

Purges of lesbians occurred during periods when the status of women in the armed forces was under attack. While some federal agencies and private corporations have adopted policies of nondiscrimination, the Defense Department remains staunchly anti-homosexual. Homosexual activists were greatly disappointed by a recent Supreme Court decision not to hear their challenge to regulations barring homosexuals from the armed forces.

This unusual study of homosexuals and lesbians in all branches of the service is the product of 10 years of interviews with World War II veterans, including military psychiatrists, by Berube, a San Francisco writer. "Coming Out Under Fire" is a pioneering work so far as it goes. There are gaps: current psychiatric information about homosexuals and their legal rights; figures and attitudes about them in the armed forces after World War II, including the Vietnam War, and the relationships between uniformed homosexual men and lesbians and other servicemen and women.

But Berube deserves plaudits for making a strong contribution to our knowledge about those who marched to a different drummer.

Herbert Mitgang is on the staff of The New York Times.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

This Week		Last Week	Weeks on List
1	THE STAND, by Stephen King	1	2
2	SEPTEMBER, by Rosamunde Pilcher	2	5
3	OH, THE PLACES YOU'LL GO! by Doctor Seuss	3	13
4	DRAGON, by Clive Cussler	10	2
5	THE BOURNE ULTIMATUM, by Robert Ludlum	4	10
6	SKINNY LEGS AND ALL, by Tom Robbins	5	5
7	THE EVENING NEWS, by Arthur Hailey	6	6
8	AN INCONVENIENT WOMAN, by Dominick Dunne	13	2
9	FAMILY PICTURES, by Sue Miller	15	2
10	MASQUERADE, by Janet Dailey	7	7
11	THE GOLD COAST, by Nelson DeMille	12	4
12	BRIGHT STAR, by Harold Coyle	9	5
13	CLEAR AND PRESENT DANGER, by Tom Clancy	8	38
14	COLLECTED STORIES OF WALLACE STEGNER		3
15	THE GOLDEN ORANGE, by Joseph Wambaugh		1

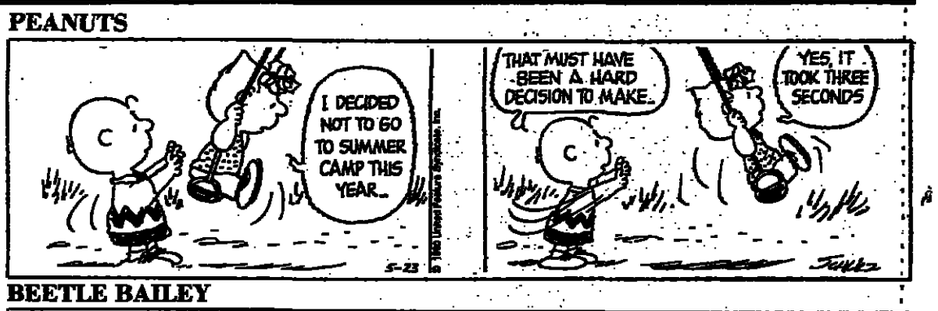
NONFICTION

1	MEN AT WORK, by George F. Will	1	6
2	MEGATRENDS 2000, John Naisbitt and Patricia Aburdene	2	17
3	BARBARIANS AT THE GATE, by Bryan Burrough and John Helyar	3	17
4	IN THE ARENA, by Richard Nixon	6	4
5	HEAD FIRST, by Norman Cousins	5	15
6	MEANS OF ASCENT, by Robert A. Caro	4	9
7	IT WAS ON FIRE WHEN I LAY DOWN ON IT, by Robert Fulghum	7	35
8	LIAR'S POKER, by Michael Lewis	8	28
9	FLASHBACKS, by Morley Safer	15	3
10	A BRIEF HISTORY OF TIME, Stephen Hawking	9	109
11	WHAT I SAW AT THE REVOLUTION, by Peggy Noonan	13	13
12	THE CUCKOO'S EGG, by Clifford Stoll	12	16
13	ALL I REALLY NEEDED TO KNOW I LEARNED IN KINDERGARTEN, by Robert Fulghum	14	80
14	LEGACIES, by Bette Bao Lord	11	3
15	SIMONE DE BEAUVOIR, by Deirdre Bair		1

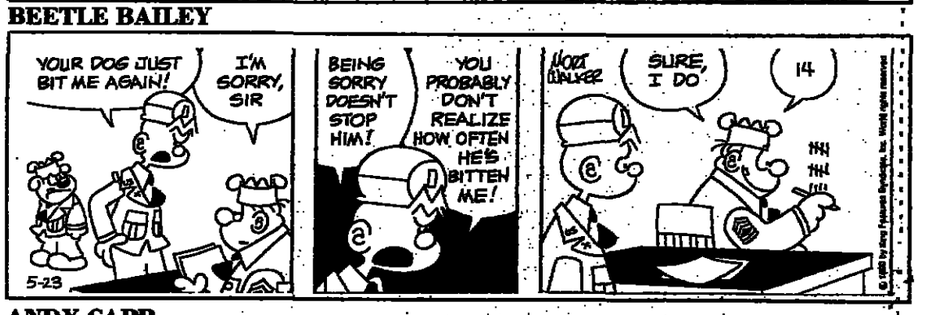
ADVICE, HOW-TO AND MISCELLANEOUS

1	WEALTH WITHOUT RISK, by Charles J. Givens	1	66
2	THE GREAT WALDO SEARCH, by Martin Handford	2	23
3	BEWARE THE NAKED MAN WHO OFFERS YOU HIS SHIRT, by Harvey Mackay	4	13
4	SECRETS ABOUT MEN EVERY WOMAN SHOULD KNOW, by Barbara De Angelis	3	12
5	THE BETTER HOMES AND GARDENS NEW COOKBOOK	5	4

PEANUTS



BEETLE BAILEY



ANDY CAPP



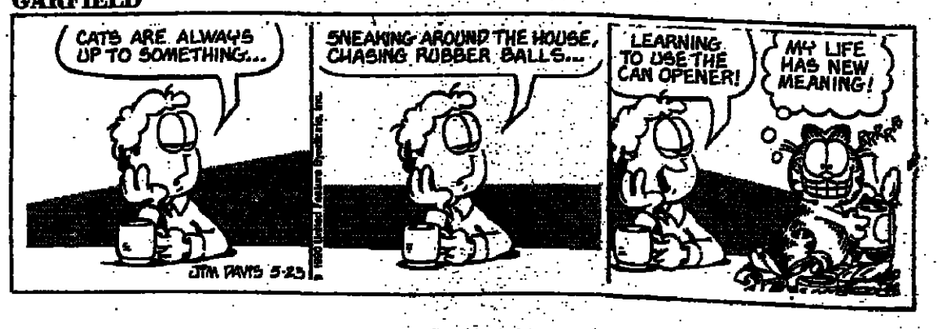
WIZARD of ID



REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



"I KNOW WHAT I THINK, BUT WHAT'S IMPORTANT IS WHAT MY MOM THINKS I THINK!"

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

BROEP

VELED

INJOAD

TUMONT



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

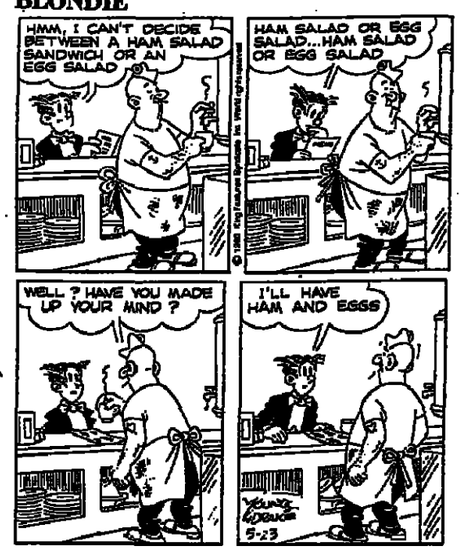
Answer here: A

(Answers tomorrow

Yesterday's Jumbles: DRAFT PAYEE WOEFUL ACCORD

Answer: The swimming pool was more than he could afford, and now he's - - -IN DEEP WATER

BLONDIE



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SPORTS

VANTAGE POINT/Dave Anderson

The $1 Fielder's Choice

New York Times Service

NEW YORK — Not long after Cecil Fielder joined the Detroit Tigers in spring training, George (Sparky) Anderson asked the 6-foot, 3-inch, 230-pound (1.9-meter, 104.3-kilogram) first baseman how he preferred to have his first name pronounced.

"Just call me Cess," he told the manager.

That's Cess, as in success. With a major league leading 16 home runs, a .326 average and 37 runs batted in through Sunday, Cess Fielder is the success story of this baseball season.

Before the Toronto Blue Jays sold him to the Hanshin Tigers of the Japanese League following the 1988 season, he was available to any of the other 25 major league teams for a $1 waiver fee. But after he hit 38 homers in Japan last year, Detroit signed him to a two-year, $3 million contract.

"Most players who go to Japan are in the last years of their careers," said Bill Lajoie, the Detroit general manager. "He's the first guy to go there at a young age."

Now 26, Fielder used Japan to retool his home run swing and his confidence. As a platooned first baseman and designated hitter for the Blue Jays, he had batted .135 over the last two months of the 1988 season. That included an 0-for-26 slump.

But the Hanshin club offered him $1.05 million, quite a boost from his $125,000 salary with the Blue Jays.

"The year in Japan made all the difference," Fielder was saying now from his home in Detroit. "It was the first time since 1985 that I played every day and hit against right-handed pitching."

In addition to hitting 38 homers in only 384 times at bat, Fielder also discovered an escape clause in his Hanshin contract.

When his agent, Bob Gilhooley, sounded out a few major league teams, the Tigers and the Boston Red Sox, who had lost Nick Esasky to free agency, showed the most interest. The Tigers offered the most money. And now Fielder has a chance to hit the most home runs for them in one season since Hank Greenberg threatened Babe Ruth's record with 58 in 1938.

"Cess is strong, very strong," Sparky Anderson said. "If he makes contact and gets the ball in flight, it's gone."

After Monday night's game with the Kansas City Royals, in which he only singled, Fielder's home run ratio would produce 64 over a 162-game season.

Not that he has even begun to think about Roger Maris's record of 61 homers in 1961 that surpassed Ruth's total of 60 that had endured since the 1927 season.

"All the talk about Roger Maris, Babe Ruth and me is farfetched," he said. "I just want to stay consistent and make solid contact."

But it's reasonable to think about Fielder's chances of joining Greenberg, Rocky Colavito, Norm Cash and Darrell Evans as the only Tigers to hit 40 or more homers in a season. Greenberg hit 58, 44, and 40 twice. Colavito hit 45 and Cash hit 41, both in 1961. Evans hit 40 in 1985.

"How he handles the dry spells will be important," Anderson said. "The dry spells catch all of 'em. When you're hitting home runs like he is, it becomes too big a burden."

The burden was too big for Kevin Mitchell last season. At the All-Star Game break, the San Francisco Giants' outfielder had 31 homers. But he finished with 47. Quite a year, but in major league history only nine batters have hit 50 or more homers in a season.

Ruth did it four times. Jimmie Foxx, Ralph Kiner, Mickey Mantle and Willie Mays each did it twice. Maris, Hack Wilson, George Foster and Johnny Mize each did it once.

"Cess hits the ball high and his best power is to right-center," Anderson said. "In our ball park, from the first of June on, you get a drift, a breeze, blowing to right-center."

Fielder likes to say, "I just hit 'em, I don't know how far they go." But he remembers a Little League home run he hit as a youngster growing up in West Covina, a Los Angeles suburb.

"It went into somebody's backyard about 150 feet (46 meters) beyond the 200-foot mark on the center-field fence," he said. "I think I was 8 or 9 years old. That's when I first knew I could hit the ball farther than other kids."

With his heavy-hipped physique that fits his teddy-bear personality, Fielder has had a tendency to put on weight.

"I'm just built that way," he said. "My whole family on my mother's side is big. I've got an uncle who's 6-6 and 270. But playing every day has helped. Not sitting around, I can control my weight a lot easier."

As a platooned first baseman with the Blue Jays in 1987, he hit 14 homers in only 175 times at bat.

When he slumped in 1988, he went to Japan with the consent of every other major league team that could have obtained him for the $1 waiver.

"I'd like to see Cess have a big year," Sparky Anderson said, "just to prove that none of us in this game are very smart."

But the Tigers were smart enough to give Cecil Fielder another chance in the big leagues. And he's making the most of it.

Douglas's Suit Given Setbacks

Compiled by Our Staff From Dispatches

LAS VEGAS — The trial to decide heavyweight champion Buster Douglas's breach of contract suit against promoter Don King has been shifted to New York, with no date set.

U.S. District Court Judge Howard McKibbon turned down Monday a request by Douglas's attorneys to hear the case in Nevada.

That came on the heels of a ruling in New York, by U.S. District Judge Robert Sweet, who Friday limited the suit to the sole issue of whether King breached his contract with Douglas by disputing the knockout of champion Mike Tyson last February in Japan.

Douglas and his manager, John Johnson, seek to break an exclusive promotional contract they signed with King in 1988.



Charles Krupp/The Associated Press

A two-run homer by Julio Franco, met by Ranger teammate Rafael Palmeiro, only temporarily depressed Red Sox catcher Tony Pena.

Homers Help Meek In AL From Feeling Too Downtrodden

The Associated Press

The meek may not inherit the earth, but they're making life difficult in the American League.

● The Seattle Mariners, who have never had a winning season, scored eight runs in the ninth inning, seven off Milwaukee relief ace Dan Plesac, and beat the Brewers, 9-4, on Monday night.

● The Detroit Tigers, who finished last in the American League East Division a year ago with a 59-103 record, scored eight times in the second, when Lou Whitaker and Lloyd Moseby hit home runs, and withstood three Kansas City homers to defeat the Royals, 11-6, for their seventh straight victory.

● The Chicago White Sox, last in the American League West a year ago at 69-92, remained 2½ games behind the major-league champion Oakland Athletics with a 6-5 victory over the New York Yankees, scoring all their runs on home runs by Dan Pasqua, Robin Ventura and 42-year-old Carlton Fisk.

In Milwaukee, the Mariners trailed by 4-1 entering the ninth. But Darnell Coles, Harold Reynolds, Jeffrey Leonard and Ken Griffey Jr. hit run-scoring doubles off Plesac and Edgar Martinez, who singled to start the inning, capped it with a two-run home run off Paul Mirabella.

Milwaukee got six shutout innings from Teddy Higuera, a solo home run by Glenn Braggs and Dave Parker's two-run double before the roof fell in. Reynolds's two-run double tied the score and a single by Henry Cotto put the Mariners ahead.

Tigers 11, Royals 6: In Detroit, the Tigers had only three hits in the second inning but were helped by five walks and a hit batter in scoring their eight runs.

White Sox 6, Yankees 5: In New York, Fisk greeted Lance McCullers with a three-run homer in the seventh to erase a 4-3 deficit. Lee Guetterman, who walked the only batter he faced, got the loss.

Athletics 4, Blue Jays 1: In Toronto, Jose Canseco hit a three-run homer in a game that saw tempers flare. The A's and Blue Jays have had several altercations; this time, Todd Stottlemyre came inside to Rickey Henderson on the second pitch of the game, causing both benches and bullpens to empty. No punches were thrown.

Twins 7, Orioles 3: In Baltimore, Kent Hrbek and Dan Gladden homered as Minnesota won for the 14th time in 18 games this month after a 7-12 April. The Twins got all the runs they needed in the first inning off Bob Milacki, who threw only 21 pitches but gave up four hits and four runs.

Red Sox 4, Rangers 2: Wade Boggs capped a three-run seventh in Boston with a two-out, two-run single. Mike Boddicker held Texas to three hits, one a two-run home run by Julio Franco in the first, in eight innings for his fifth straight victory.

Angels 5, Indians 3: Johnny Ray doubled home two runs in California's three-run second inning and Bert Blyleven got his first victory in Cleveland since Sept. 15, 1985.

The Angels loaded the bases with one out in the second on a walk to Wally Joyner, Dave Winfield's single and a walk to Lance Parrish. Ray doubled home the game's first two runs and Donnie Hill drove in a run with a single.

BASEBALL ROUNDUP

■ **Ryan on Disabled List**

The Rangers have put Nolan Ryan, major league baseball's strikeout king, on the 15-day disabled list retroactive to Friday because of continuing back problems, The Associated Press reported from Boston.

Ryan was examined by his physician Monday and is to be examined by a team doctor Wednesday.

Ryan is eligible to return June 2. He will miss at least two starts, after having made 125 straight. The last time he was on a disabled list was in 1986, when he pitched for the Houston Astros.

SIDELINES

Steinlager 2 Wins Whitbread Race

SOUTHAMPTON, England (AP) — The New Zealand yacht Steinlager 2 won the Whitbread Round the World yacht race Tuesday, completing the eight-month odyssey by sweeping all six legs of the event.

Steinlager 2 reached port Tuesday evening a few minutes ahead of Fisher & Paykel, another New Zealand boat, ending the 3,837-mile (6,234-kilometer) final leg from Fort Lauderdale, Florida.

Overall, Steinlager was more than 35 hours ahead of Fisher & Paykel.

The rest of the 22 surviving yachts were expected to arrive in Southampton, where the race started Sept. 2, within the next week.

Edberg, Graf Seeded No. 1 in French Open

PARIS (AP) — Stefan Edberg and Steffi Graf, last year's losing finalists, were top-seeded Tuesday for the French Open tennis tournament that starts next Monday.

Ivan Lendl, the No. 1 men's player on the Association of Tennis Professionals list, and Martina Navratilova, now second to Graf on the Women's International Tennis Association ratings, are not playing.

The ATP and WITA rankings set the seeds for the tournaments. The official draw is set for Friday, and some players may drop out before then, as John McEnroe, originally seeded ninth, did Tuesday. He has withdrawn from his last six tournaments because of injuries.

For the Record

Robert Morris had its men's basketball program put on two years' probation Tuesday by the NCAA and the university in Coraopolis, Pennsylvania was ordered to return as much as $186,000 in tournament fees for violating rules in arranging financial aid for a player. *(AP)*

Champagneforasilkey, considered among the leading contenders for the Kentucky Derby earlier this year, has been retired to stud after breaking the sesamoid bone in his right ankle during a gallop on Thursday. *(NYT)*

Little Chat Does Mets World of Good

The Associated Press

After Howard Johnson held a meeting in the clubhouse, Kevin McReynolds assembled one at the plate.

McReynolds hit a grand slam home run to highlight an eight-run third inning as the visiting New York Mets routed the Los Angeles Dodgers, 12-3, on Monday.

Before the game, Johnson had called a players-only meeting to discuss why the Mets had won only one of their first six games on the West Coast.

"Some of these teams are going to pay because we're going to start playing much better," Johnson said after the meeting.

The Dodgers were the first team to pay up.

"I believe in meetings if it produces that," the Mets' manager, Davey Johnson, said after his offense recorded season highs in runs and hits with 14. "They have my permission to have one any time they want."

Dwight Gooden was the beneficiary of the Mets' biggest offensive showing of the season. Gooden allowed three hits and two runs in five innings to improve to 11-1 lifetime against the Dodgers.

He was pitching on a sore middle toe on his left foot, sustained Saturday night when catcher Mackey Sasser accidentally placed a chair on his foot.

Reds 4, Cubs 3: Todd Benzinger drove in two runs and Cincinnati overcame five errors in Chicago. The five errors were uncharacteristic for the Reds, who began the game having made 19 in 34 previous games, the lowest number of errors in the National League.

The Reds, trailing by 2-1, scored three runs in the fourth against Greg Maddux on Benzinger's RBI double, an error by shortstop Shawon Dunston that allowed a run and Chris Sabo's RBI single.

Braves 6, Cardinals 5: Jim Presley doubled home Ron Gant with two out in the bottom of the ninth to beat St. Louis in Atlanta.

The Braves hit four home runs, including solo shots in the sixth by Dale Murphy, Ernie Whitt and rookie Francisco Cabrera.

Astros 3, Pirates 2: In Houston, rookie Eric Anthony homered off Ted Power with one out in the home 11th to beat Pittsburgh. It was Anthony's third home run in the last five games.

Jose Lind hit a bases-loaded double with two out in the fourth inning to give the Pirates a 2-0 lead. The Astros tied, 2-2, in the bottom of the seventh when Franklin Stubbs homered off Doug Drabek.

Phillies 5, Giants 2: Lenny Dykstra had three hits to raise his major-league leading average to .405 and scored the game-winning run in San Francisco.

Philadelphia scored three runs in the fifth to break a 2-2 tie. Dykstra, Tom Herr and Von Hayes hit consecutive singles to put the Phillies ahead, 3-2, with no outs. The runners advanced on Ricky Jordan's fly to center and Randy Ready grounded a two-run single past diving shortstop Jose Uribe.



AP

Johnson: 'Oh no, how stupid.'

It's a Long Race, the Wrong Race in Cleveland

The Associated Press

CLEVELAND — When the horn blared, Georgene Johnson bolted from the starting line with the rest of the pack of about 4,000 runners, for what she thought was a 10-kilometer race.

About four miles later, she discovered that, instead, she had started with the field of the Cleveland Marathon. Faced with running a lot more than 6.2 miles, the 42-year-old woman decided to hang on until she could catch a ride back to the start-finish line.

She ended up running the entire 26 miles, 385 yards, her first marathon.

"I'm not stupid. It's just that my mind wasn't there. I really lost track of time," Johnson said Monday in a telephone interview from her home in Akron, Ohio.

"I guess I was in better shape than I thought," she said. "I feel fine, although my knees are real sore this morning."

Johnson said she separated from her friends to do some stretching exercises before the 10K run, then ambled to the starting area when other runners began gathering. But the 10-kilometer race was to start at 8:45 A.M., 15 minutes after the marathon.

"I didn't have a watch on and I didn't pay attention, and I saw them all on the starting line, so I fell in," said Johnson, a secretary.

As the race went on and on, taking her into residential areas, Johnson "got that sick feeling that possibly I was in the wrong race."

She sidled up to a male runner and asked. "He just kind of looked at me strangely like, 'Are you for real?' " she said. "I started crying. I thought, 'Oh no, how stupid.' "

She asked a policeman at the side of the road if he could take her back to the downtown starting point. He said he didn't have a car.

Then she saw a T-shirt that read: "Just Do It!"

"I said, 'O.K.,' " she said.

"Then, when I got to mile seven, some guy was giving me some advice, to slow down. He said I was keeping pretty good pace and that if I could make it to the 13-mile mark I could get a ride back."

A friend, returning from the marathon's halfway turnaround, saw her.

"I saw his eyes get real big as if he were thinking, 'What are you doing here? Am I hallucinating?' "

Halfway herself, she said, she got her second wind.

"When I got there, I was feeling pretty good. My timing was good. I got to the 20 and it was like, well, I only have 10K left. Then it was a matter of pride."

A final boost came as she neared the finish. "I saw one other woman. I don't know if it was my competitive spirit or what, but I said, 'I'm passing her.' "

She finished in 4 hours, 4 minutes, good enough for 83d place in the women's division. Her longest previous run: eight miles.

Will she enter another marathon?

"As stupid as I felt out there running, I'm proud of myself," Johnson said.

"The thought of it now, and the thought of training for one, I don't know. I don't think it would be this year. But knowing me ..."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Milwaukee	21	14	.600	—
Boston	20	16	.556	1½
Toronto	21	19	.525	2½
Cleveland	19	18	.514	3
Detroit	18	22	.450	5½
Baltimore	16	22	.421	6½
New York	14	21	.400	7
West Division				
Oakland	25	12	.676	—
Chicago	21	13	.618	2½
Minnesota	21	14	.568	4
Seattle	20	20	.500	6½
Texas	16	22	.421	9½
California	16	23	.410	10
Kansas City	13	23	.361	11½

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	23	15	.605	—
Philadelphia	21	16	.568	1½
Montreal	20	18	.526	3
New York	18	19	.486	4½
Chicago	18	20	.474	5
St. Louis	17	21	.447	6
West Division				
Cincinnati	26	9	.743	—
Los Angeles	19	19	.500	8½
San Diego	18	19	.486	9
Atlanta	15	21	.417	11½
San Francisco	15	23	.395	12½
Houston	14	24	.368	13½

Monday's Line Scores

AMERICAN LEAGUE

Oakland 000 002 010—4 8 1
Toronto 001 000 000—1 5 0
Welch, Honeycutt (8), Eckersley (9) and Hassey; Stottlemyre, Acker (9) and Borders. W—Welch, 5-2. L—Stottlemyre, 4-5. Sv—Eckersley (10). HRs—Oakland, Canseco (14). Toronto, Fellx (6).

Texas 200 000 000—2 3 1
Boston 000 010 30x—4 6 0
Bohanon, Mielke (7), Jeffcoat (7), Rosers (8) and Petrelli; Boddicker, Murphy (9), Reardon (9) and Penn. W—Boddicker, 4-3. L—Mielke, 0-1. HRs—Texas, France (3). Boston, Burks (3).

California 030 010 010—5 9 1
Cleveland 000 001 000—2 10 0
Blyleven, Bailes (6), Eichhorn (8) and Parrish; Shaw, Valdez (5) and Allanson. W—Blyleven, 2-3. L—Shaw, 1-1. Sv—Eichhorn (8).

Minnesota 000 001 101—3 7 1
Baltimore 020 000 001—3 9 1
West, Guthrie (5), Candelaria (9) and Ortiz; Milacki, Hetton (7), Weston (8), Hickey (9) and Tettleton. W—Guthrie, 1-0. L—Milacki, 1-3. HRs—Minnesota, Hrbek (8), Gladden (3). Baltimore, Kamminsk (7).

Kansas City 110 221 000—6 9 1
Detroit 002 007 00x—11 12 1
Gordon, Appier (2), Aquino (3), M.Davis (8) and Macfarlane; J.M.Robinson, Gleaton (6), W— J.M.Robinson, 4-3. L—Gordon, 1-2. Sv—Gleaton (1). HRs—Kansas City, Perry (4), Brett (1), B.Jackson (5). Detroit, Whitaker (5), Moseby (6), Nokes (2).

Chicago 001 200 300—6 11 0
New York 030 100 100—3 6 1
Katzler, Radinsky (5), B.Jones (7), Thigpen (9) and Fisk; Hawkins, Guetterman (7), McCullers (7), Cadaret (8), J.D.Robinson (9) and Geren. W—Radinsky, 3-5. L—Guetterman, 2-2. Sv—Thigpen (11). HRs—Chicago, Pasqua (2), Ventura (3); Fisk (2).

Seattle 000 000 010—1 12 0
Milwaukee 010 001 020—4 6 0
Holman, Clark (8) and S.Bradley; Higuera, Fossas (7), Crim (8), Plesac (8), Mirabella (9) and Surhoff. W—Clark, 1-0. L—Plesac, 0-2. HRs—Seattle, E.Martinez (6). Milwaukee, Braggs (3).

NATIONAL LEAGUE

Cincinnati 010 300 000—4 7 0
Chicago 002 000 100—3 7 2
Rijo, Charlton (7), Dibble (7), Myers (9) and Oliver; G.Maddux, Long (8), Assenmacher (8) and Girardi. W—Rijo, 3-1. L—G.Maddux, 4-3. Sv—Myers (8).

St.Louis 200 200 100—5 10 0
Atlanta 100 102 001—4 13 1
B.Smith, DiPino (6), Niedenfuer (6), Terry (8) and Zeile; Smoltz, Haskath (7), Boever (9) and Whitt. W—Boever, 1-2. L—Terry, 0-3. HRs—Atlanta, Justice (1), Murphy (6), Whitt (2), Cabrera (1).

Pittsburgh 000 200 000 00—2 7 1
Houston 000 001 100 01—3 9 0
(11 innings)
Drabek, Ruskin (7), Belinda (8), Power (10) and Slaught; Deshales, Agosto (10) and Biggio. W—Agosto, 2-1. L—Power, 0-2. HRs—Houston, Stubbs (5), Anthony (3).

Philadelphia 020 030 000—5 13 2
San Francisco 011 000 000—2 9 2
Mulholland, Freeman (6), R.McDowell (9) and Daulton; Garrelts, Brantley (5), McClement (7), Vosberg (8), Bedrosian (9) and G.Carter. W—Mulholland, 3-1. L—Garrelts, 1-4. Sv—R.McDowell (10). HRs—Philadelphia, Thon (1). San Francisco, Mo.Williams (3).

New York 010 100 200—4 11 2
Los Angeles 001 010 010—3 7 1
Gooden, Musselman (6), Whitehurst (7) and Hundley; Morgan, M.Maddux (7), Aase (8) and Scioscia, Dempsey (8). W— Gooden, 3-3. L—Morgan, 5-3. Sv—Whitehurst (2). HRs—New York, Strawberry (5), McReynolds (6). Boston, (2), Los Angeles, Gonzalez (1).

Japan Baseball

Central League

	W	L	T	Pct.	GB
Yomiuri	23	12	0	.657	—
Taiyo	18	12	2	.600	2½
Yakult	15	18	0	.455	7
Hanshin	15	19	0	.441	7½
Hiroshima	14	18	1	.438	7½
Chunichi	13	19	1	.406	8½

Pacific League

	W	L	T	Pct.	GB
Seibu	22	8	0	.733	—
Orix	18	13	1	.581	4½
Nippon Ham	15	15	0	.500	7
Lotte	13	14	0	.481	7½
Kintetsu	13	16	0	.448	8½
Daiei	8	23	1	.258	14½

TUESDAY'S RESULTS

Chunichi 5, Yomiuri 4
Yakult 11, Taiyo 1
Hanshin 7, Hiroshima 3
Seibu 3, Nippon Ham 0
Lotte 4, Orix 2
Kintetsu 7, Daiei 2

BASKETBALL

NBA Conference Finals

(Best of seven games)
EASTERN CONFERENCE
Chicago leads Detroit, 1-0
Sunday, May 20
Chicago 77, Detroit 86
Tuesday, May 22
Chicago at Detroit
Saturday, May 26
Detroit at Chicago
Monday, May 28
Detroit at Chicago
Wednesday, May 30
Chicago at Detroit, if necessary
Friday, June 1
Detroit at Chicago, if necessary
Sunday, June 3
Chicago at Detroit, if necessary
WESTERN CONFERENCE
Portland leads Phoenix, 1-0
Monday, May 21
Phoenix 98, Portland 108
Wednesday, May 23
Phoenix at Portland
Friday, May 25
Portland at Phoenix
Sunday, May 27
Portland at Phoenix
Tuesday, May 29
Phoenix at Portland, if necessary
Thursday, May 31
Portland at Phoenix, if necessary
Saturday, June 2 or Sunday, June 3
Phoenix at Portland, if necessary

Monday's Result

Phoenix	26	22	32	18— 98
Portland	24	26	34	14—108

PHOENIX: Chambers 10-24 7-7 29, Rambis 0-2 5-6 5, West 4-9 2-4 10, K.Johnson 8-20 4-4 20, Hornacek 7-13 0-1 14, Majerle 5-8 1-2 11, E.Johnson 3-11 1-2 7, Long 1-2 0-0 2, Battie 0-2 0-0 0, McGee 0-1 0-0 0. Totals 38-92 20-26 98.

PORTLAND: Kersey 8-18 3-3 19, Williams 6-8 4-5 16, Duckworth 6-14 0-0 12, Drexler 10-18 0-0 20, Porter 6-14 0-0 14, Cooper 1-1 0-0 2, Young 0-2 0-0 0, Robinson 2-7 2-2 6, Petrovic 5-11 0-2 11, Bryant 0-3 0-0 0. Totals 44-96 9-12 108.

Three-pointers—Phoenix 2-8 (Chambers 2-2, McGee 0-1, Hornacek 0-1, E.Johnson 0-3), Portland 3-7 (Porter 2-4, Petrovic 1-1, Drexler 0-1, Young 0-1). Fouled out—None. Rebounds—Phoenix 57 (West 12), Portland 58 (Kersey 11). Assists—Phoenix 19 (K.Johnson 11), Portland 24 (Porter 9). Total fouls—Phoenix 14, Portland 19.

CYCLING

Tour of Italy

Results of Tuesday's fifth stage, a 247-kilometer (153-mile) race from Sora to Teramo:

1. Fabrizio Convalle, Italy, five hours, 52 minutes, 11 seconds; 2. Andrei Tchmile, U.S.S.R., 4 seconds behind; 3. Gilbert Duclos Lassalle, France; 4. Francesco Rosaspoli, Italy; 5. Roberto Pagnin, Italy; 6. Massimo Podenzana, Italy; 7. Rodolfo Massi, Italy; 8. Maurizio Vandelli, Italy; 9. Francesco Casarini, Italy; 10. Mario Chiesa, Italy, all at same time.

Overall Standings

1. Gianni Bugno, Italy, 22 hours, 15 minutes, 35 seconds; 2. Eduardo Chozas, Spain, 37 seconds behind; 3. Daniel Steiger, Switzerland, 57 secs; 4. Laurent Fignon, France, 1:08; 5. Joackim Halupczok, Poland, 1:09; 6. Marino Lejarreta, Spain, 1:10; 7. Angelo Lecchi, Italy, 1:12; 8. Claudio Chiappucci, Italy, 1:15; 9. Zenon Jaskula, Poland, 1:17; 10. Federico Echave, Spain, 1:18.

HOCKEY

Stanley Cup Finals

(Best of seven games)
Edmonton leads series, 2-1
Game 1, Tuesday, May 15
Edmonton 2, Boston 2
Game 2, Friday, May 18
Edmonton 7, Boston 2
Game 3, Sunday, May 20
Boston 2, Edmonton 1
Game 4, Tuesday, May 22
Boston at Edmonton
Game 5, Thursday, May 24
Edmonton at Boston
Game 6, Saturday, May 26
Boston at Edmonton, if necessary
Game 7, Tuesday, May 29
Edmonton at Boston, if necessary

TRANSACTIONS

BASEBALL

American League

BALTIMORE—Sent Sam Horn, first baseman, to Rochester, International League, on 28-day rehabilitation assignment.

CALIFORNIA—Put Kent Anderson, infielder, on 15-day disabled list, retroactive to May 20. Recalled Gary Disarcina, infielder, from Edmonton, Pacific Coast League.

N.Y. YANKEES—Recalled Deion Sanders, outfielder, from Columbus, International League. Sent Alan Mills, pitcher, to Columbus.

HOCKEY

CANADIAN NATIONAL JUNIOR TEAM—Retained Guy Charron, head coach.

COLLEGE

BIOLA—Betty Norman, women's basketball coach, retired.

CARNEGIE-MELLON—Named Tony Winpen men's basketball coach.

HARTFORD—Named Mark Schmidt women's basketball coach.

KINGS POINT—Dick Hasan, men's soccer coach and Tom Harrison, women's volleyball coach, resigned.

LORAS—Named Connie Yori women's basketball coach.

MISSISSIPPI—Jake Gibbs, baseball coach, resigned to become assistant athletic director.

NORTH CAROLINA—Named Joe Sagula women's volleyball coach.

TROY STATE—Chase Riddle, baseball coach, resigned effective Aug. 31.

TULANE—Named Candi Harvey women's basketball coach.

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OBSERVER

Of Racket and Reality

By Russell Baker

NEW YORK — In New York everybody was saying, "Quiet!" and "Cool it." Which is a lie to start with, but a forgivable lie, as I will explain.

Literally speaking, it wasn't everybody who was urging soft talk. In fact, during five days on the site, I didn't meet a single human who said either "Quiet!" or "Cool it."

On the other hand, I kept reading this advice in newspapers and hearing it during television performances, which is to say from the media, much as I hate to say it because "media" is such an odious word.

The word I prefer to "media," when referring to New York, is "racket." Racket is part of New York's very soul. "The rumble and the ballyhoo," as a fine old song says, is indispensable to the unique music the town makes.

The basic racket of New York comes from the media. Media racket is pervasive. Walk into your lonely room, press a button, and there it is: media racket.

Open a paper over breakfast, and there it is: media racket, like this very column, in fact.

□

So, with media racket being everywhere, you naturally conclude that whatever the media are saying is what everybody is saying, because if the media aren't everybody, who is?

Not you, sir or madame. If you were everybody, the media bosses wouldn't constantly take your favorite TV program off the air on grounds that nobody was watching it, would they? Obviously, you are not everybody. Mediawise, you may even be nobody, no matter how real you feel.

In short, there is frequently a gap between New York's famously exciting racket and its unthrilling reality. The gap seems unusually wide this week.

Underlying the racket was a poetic image: the city as volcano of seething racial passions likely to explode if the local Owen Glendowers summon their demons from the vasty deep.

Glendower, you recall, was one of Shakespeare's bellicose windbags who boasted that he could call spirits from the deep. New York is afflicted just now with Glendowers working the race issue for political advantage by promising the city an evil end.

Shakespeare's Percy, a sensible skeptic apparently unknown to the New York media, disposed of Glendower by reminding the old windbag that while he, or anyone, could easily issue a call to rise from the deep, spirits were highly unlikely to come.

The bombast of local Glendowers forecasting various dooms for the city is treated as such powerful juju that media people are advising each other not to mention it lest publicity feed the power of these windbags.

And so, "Quiet!" and "Cool it" are what everybody seems to be saying if you make the perfectly forgivable mistake of thinking that the racket, the rumble and the ballyhoo of New York made by the media expresses the reality of the town.

□

Reality is a city of 8 million people, most of whom seem to be doing just about what you'd expect them to be doing if domiciled in a city of 8 million people, too many languages, too little money, too many temptations and too little living space.

They are going to and from work, standing around on street corners, shmoozing, breaking a few laws, making love maybe a little too freely, eating probably more than is good for them, worrying about Yankees and Mets, grousing about the new taxes, buying or selling umbrellas, dodging cars, polluting the air, walking the dog, seeing a show, getting married, getting divorced, complaining about the super, laying a bet, seeing a flick, talking to somebody's answering machine, asking why the cops are never around when you really need them, listening to an opera, pimping, cursing rush-hour traffic, paying for a $75 meal with a plastic card, washing windshields to make a quarter, fighting with dry cleaners, struggling to tell Macedonian-speaking cab drivers how to get to SoHo, uttering wonderful New York sounds like "Enough already."

Enough already. The racket is about scattered incidents of ugly violence, which the authorities may or may not be doing their best to deal with. The reality, to use e.e. cummings's line about life, "is much too busy being a little more than everything to seem anything, catastrophic included."

New York Times Service

The Other Playwright President

By Glenn Collins
New York Times Service

HE is a playwright. He became the symbol of his nation's resistance to Soviet domination. He spent years in jail.

The head of his country's writers' union, he was recently voted president of a newly non-Communist nation in Eastern Europe.

His name is not Vaclav Havel, the oft-jailed playwright and current president of Czechoslovakia.

He is Arpad Goncz, the 68-year-old interim president of Hungary, who is also a translator, essayist and novelist and who was jailed for six years after the 1956 uprising in Hungary.

Earlier this month, only three months after Havel met President George Bush in the White House, Goncz's own goodwill mission to the United States took him to the Oval Office.

During the meeting, Bush assured Goncz the issue of Soviet troop withdrawals from Eastern Europe would be on the agenda at the coming U.S.-Soviet summit conference.

The story of the ascendancy of these writers to the leadership of two Eastern European nations was a script few playwrights would have ventured only a year ago.

Goncz seemed delighted, in an earlier interview, to point out some of the other similarities between himself and his friend Havel. "He and I are part of the same conspiracy," Goncz said, eyes twinkling, leaning closer to his interviewer and lowering his voice. "It is the international conspiracy of writers. We're trying to grab all the power in the world!"

But Goncz, during a brief stop in New York, said he had not been able to do "any writing at all" since he was voted president May 2. "Except, of course, for my signature! Signing bills, you know."

"So far," he added more seriously, "the legislative acts I've been signing have created 85 percent of the constitutional and institutional framework that is needed to insure that Hungary is smoothly governed. And we are bearing down on our responsibility to the economy and to restabilization."

Goncz said at a Washington news conference he was seeking American support for his country's economic changes. He also said Hungary wanted to leave the Warsaw Pact and become a neutral country.

Earlier on his American trip, Goncz received an honorary degree at the University of Indiana and met in New York with members of the World Jewish Congress to discuss the dedication of a Holocaust memorial in Budapest.

"In a way, he's very like Havel," the novelist E.L. Doctorow said of Goncz in an interview. Doctorow met Goncz after he translated Doctorow's novels "Ragtime" and "World's Fair" into Hungarian.

"Because he was outside the system, Arpad became for the people of Hungary a figure of immense integrity and a truth-teller, in much the way that writers and poets and musicians in Czechoslovakia were perceived," said Doctorow. "He's terribly modest about his attainments, but he's a real patriot."

Hungary's future leader fought against the Nazis as a member of the underground and was wounded in 1944. Subsequently, he earned a law degree and joined the Independent Smallholders' Party, which won Hungary's last free elections in 1945.

Denied other employment after the Communists consolidated power in 1948, Goncz worked in agriculture and as a welder and pipe fitter — "quite a good pipe fitter, I assure you," he said with a laugh.

After the insurgency failed in 1956, Goncz was sentenced to life in prison for conspiracy and high treason. "Prison was a real party," he said. "The best minds of Hungary were in prison."

To challenge his intellect while in prison, his wife, Susan, gave him an English grammar. "I taught myself the language. You will have to forgive my pronunciation," Goncz said in his strongly accented English. "Since I learned English in prison — well, I had to invent something similar to English — I have what you would call a real Hungarian prison accent."

He shook his head with mock sorrow. "You have probably never heard this kind of English accent before."

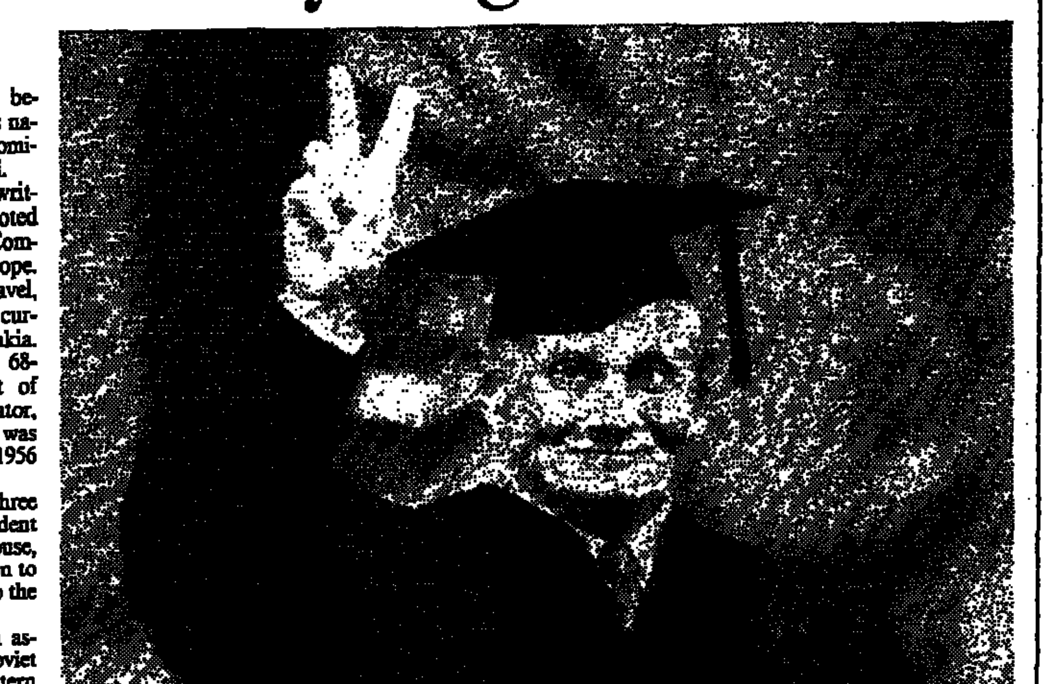
After a few years in prison and even though he was a dissident, Goncz found himself translating World War II memoirs and the speeches of John F. Kennedy into Hungarian for the Ministry of the Interior.

Goncz was released in a general amnesty in 1963, and subsequently his chief source of income came from the translations of English works into Hungarian. Among the authors he has translated are Doctorow, William Faulkner, William Golding, Ernest Hemingway, William Styron, John Updike and Edith Wharton.

Havel said he also translated Bush's 1988 campaign book, "Looking Forward: An Autobiography."

"American writers are very popular in Hungary," he said, "Faulkner most of all. 'The Sound and the Fury' sold more than 150,000 copies in hard cover. That's the same as two million in America."

The author of six plays, Goncz has also written a collection of short stories and one novel. "He's considered one of Hungary's best playwrights, and at least one of his plays is classically impressive," Doctorow said.



The Associated Press

President Arpad Goncz of Hungary receiving an honorary degree during his U.S. visit.

PEOPLE

No One Wore Black

It was the kind of memorial service that **Jim Henson** had planned in instructions written four years ago. He wanted the occasion to be happy, with no one wearing black. The organist at the Cathedral of St. John the Divine in New York City started the service with "Sunny Day," the theme song from "Sesame Street." At one point, a barefoot dancer in a sequined costume and a face covered in blue glitter danced up and down the center aisle waving a foot-tall butterfly. Mourners also waved colorful butterflies. Many parents brought their children. The cathedral, which holds about 5,000, was nearly full as Henson's voice as Kermit the Frog sang "Rainbow Connection" from "The Muppet Movie." Then "Sesame Street's" Big Bird, a character played by **Caroll Spinney**, sang "It's Not Easy Being Green," a song that belongs to Kermit. At the end, Big Bird looked heavenward and said, "Thank you, Kermit," and walked slowly away, head low. And of the master puppeteer, who died last week at 53, **Harry Belafonte** said, "greater than his artistry was his humanity."

□

On **Bob Newhart's** 184th and final appearance on "Newhart," it turned out that the previous 183 episodes had all been a terrible dream. For eight seasons, Newhart has played innkeeper Dick Loudon, a pillar of reason among various eccentrics afflicting the town of Stratford, Vermont. In the final episode, everyone in town except Dick sells the town to the Japanese. Flash forward five years. The inn is a hazard on the 14th fairway of a golf course, and Dick's wife, played by **Mary Frann**, scurries about in black wig and kimono. Dick is depressed. At a five-year reunion of the townspeople, Dick is hit in the head by a golf ball and wakes up in the bedroom and character of Chicago psychotherapist Bob Hartley, the hero of Newhart's 1972-'78 sitcom on CBS, "The Bob Newhart Show," and all is revealed to be but a dream.

□

The legendary Cadillac Ranch outside Amarillo, Texas, has been refurbished. The 10 Cadillacs — sunk into the ground radiator first as an artistic statement — were painted flat gray in January as part of a commercial for Lincoln Town Cars. But the ranch's caretaker, **Stanley Marsh 3** (he prefers "3" to "III" or "3d"), didn't like the new color. "The cars are supposed to be cheery and they looked dull, like it was an undercoat," Marsh said. So he had them painted bright pink. "It had nothing to do with any of those rock 'n' roll songs about pink Cadillacs," Marsh said.

□

W. Richard West Jr., 47, a member of the Cheyenne-Arapaho tribes, has been named founding director of the National Museum of the American Indian, the Smithsonian Institution announced. Museum construction is to begin in Washington in 1994.

□

Police in Rotterdam have arrested 38 fans of the **Rolling Stones** during the first leg of the legendary rock group's European tour. About 50,000 people attended the concert; many fans believe the tour will be the 1960-era group's last.

□

Mayor **David Dinkins** of New York has conducted the New York Pops orchestra at Carnegie Hall in a multiracial musical celebration. The mayor conducted "Stars and Stripes Forever" at the Pops' seventh anniversary gala. "This is the gorgeous mosaic," said the mayor, gesturing at the orchestra and the All City Choir, made up of whites, blacks and Hispanics. Despite his perfunctory conducting, he got thunderous applause.

□

Peter Yarrow of **Peter, Paul and Mary** says the folk group's song "Puff the Magic Dragon" has two meanings, and neither is about drugs as once rumored. "It's ostensibly a song about the moment of loss of innocence. When that moment occurs, it is sad indeed," the singer told 300 Augsburg College graduates in Minneapolis. "But it's about something else. It is about the loss of our ideals."

□

The actress **Angela Lansbury** has received her first college degree, an honorary doctorate of humane letters from Boston University. "I never went to college," said the actress, who has appeared in dozens of movies and Broadway shows, after receiving her degree. "I left school at 12 for acting classes, and I've been in the theater ever since."

TODAY'S

INTERNATIONAL BUSINESS MESSAGE CENTER

Appears on page 13

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